ADVANCED MANAGEMENT

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DECEMBER 1955
VOL. XX NO. 12

Merry Christmas

Happy New Year

SOCIETY FOR ADVANCEMENT OF MANAGEMENT

The Pioneer in Management Philosophy

You Can't Keep A Good Man Down!

SOCIETY FOR ADVANCEMENT OF MANAGEMENT
SAM

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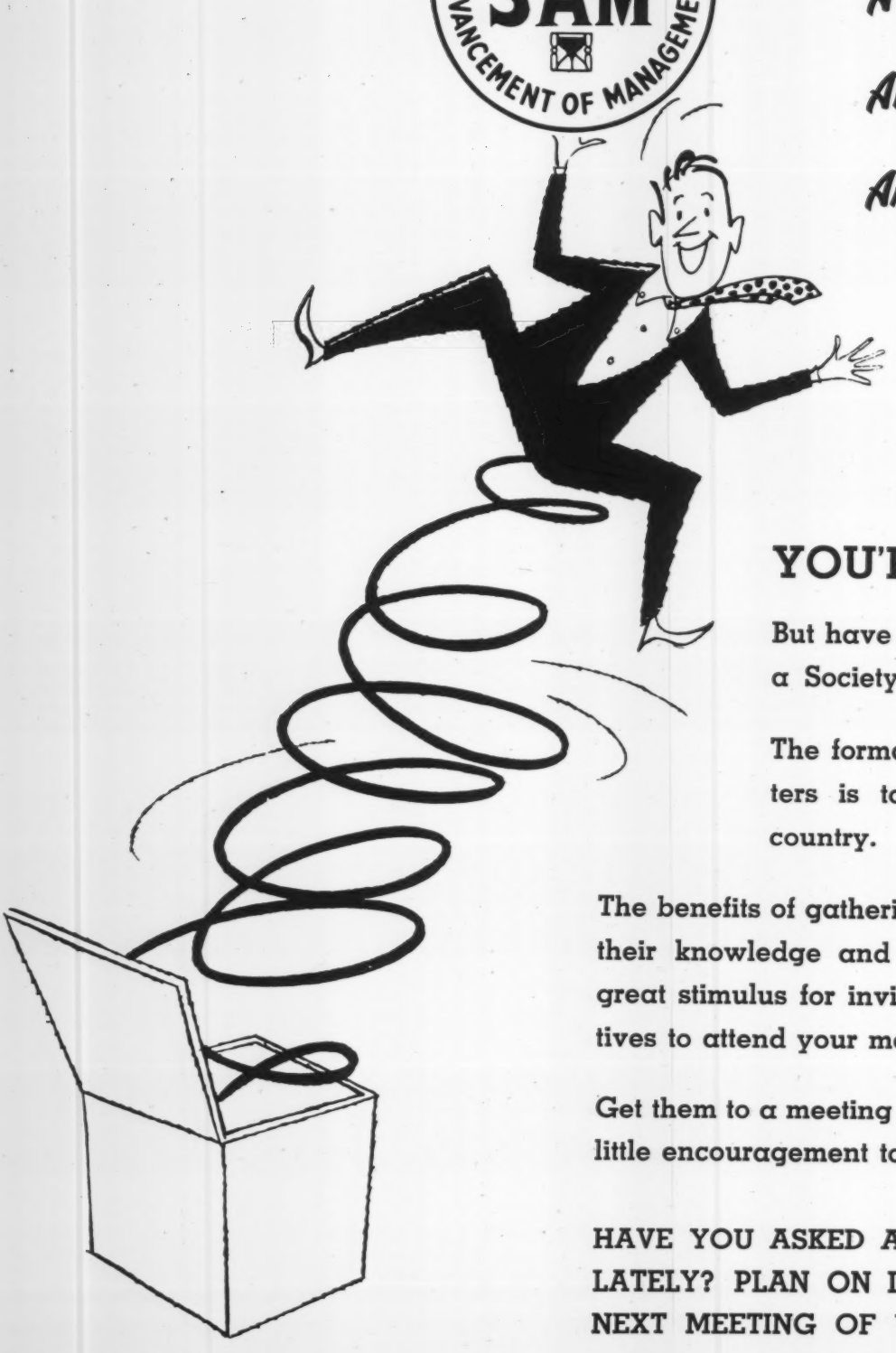
A Smart Man—
And S.A.M. Members
Are The Smartest!



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The formation of new S.A.M. Chapters is taking place all over the country.

The benefits of gatherings where men can share their knowledge and experience should be a great stimulus for inviting local business executives to attend your meetings.

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HAVE YOU ASKED ANYONE TO JOIN S.A.M. LATELY? PLAN ON DOING SO BEFORE THE NEXT MEETING OF YOUR CHAPTER.

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"Through research, discussion, publication, and other appropriate means to conduct and promote scientific study of the principles governing organized effort in industrial and economic life . . . for the general betterment of society . . ."
SAM Constitution

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"What Do You Bet?"

TOM SMITH lives an hour and a half from his office, so each morning he turns on the radio to hear the weather prediction. He finds the prediction usually accurate for the morning, but as the day wears on the deviational error increases. Accordingly, Tom has formed the habit of keeping raincoat and overshoes at the office as well as at home. Joe Jones, however, lives only ten minutes from his work. If an unpredicted rain or snow shows up, he can make appropriate changes in his costume when he goes home for lunch.

Obviously the longer the time span of prediction, the greater likelihood of error. Also the longer time span for planning, the greater the requirement for accurate prediction. Failing that, we must follow a more flexible type of planning.

A vital but frequently overlooked new requirement facing business management today is to lengthen the time span and therefore increase the accuracy of prediction. This lengthened time span is forced upon all substantial operations by such factors as:

1. Greater dependence on product research requires planning five to eight years ahead; it takes that long to get new products developed and to the payoff.
2. Greater cost of capital investment for manufacturing increases fixed overhead, and more severely penalizes work stoppages.
3. Corporate expansions, mergers, product diversification, and resulting complexity of the scale of operation, makes forecasting harder by introducing more variables and also penalizes mistakes more severely.

The preceding factors should be enough to show clearly the requirement for:—

a) more careful planning and more alternative plans as hedges against the unexpected
b) more accurate and more readily available data for prediction and measurement
c) more sensitive and continuous measures as to how plans are going
d) more management flexibility and open-mindedness to the inevitable mistakes.

In the kind of world in which corporate management now operates, prejudice, pigheadedness, unimaginativeness, competition between line and staff, and traditionalism are subjected to increasingly severe penalties. The principal responsibility for avoiding these penalties rests on top management which alone can set the principles and procedures for management decisions.

Top management also carries the responsibility for the management development program. This program must teach not only the best current practice but also the attitudes and habits of creative and critical thinking which will improve and adapt practice for use in emergent new conditions and problems.

The only worthy successor to the primitive man who first tamed the horse is not the modern horse breaker but the inventor of the "horseless carriage". From "horse-tamer" to "horseless carriage" is about 5,000 years. From the best accepted practice today, to the changed requirements of tomorrow it is more likely to be only *five* years. The 1956 model machine or technique begins where the 1955 model *left off*. The 1956 baby begins where his ancestors of 10,000 years ago *began*. It is the job of the school to bring this baby up-to-date including the elapsed 10,000 years of cultural development. By the time the new man is 22 years old it is the job of the corporation school or management development program to keep him up-to-date and remodel him at least every *five* years.

It is the job of the local S.A.M. Chapter to help the local business man see that local management develops and uses adequate techniques to solve local current and emergent problems. As Chapters meet this challenge, S.A.M.'s place in world history will be secured.

May the joys of the holiday season make us all ready for the challenge of 1956. ●

F. F. BRADSHAW

What is an executive? After defining the nature of the executive function, the author discusses the need to find more management talent, what we are learning about the development of executives, the status of management as a profession, and the urgent need to confidently enlarge its scope and value. "Business as a profession is coming of age, and its members can stand before the world as practitioners of a difficult and complex art, without which the world would be the poorer."

The Management Profession

By Crawford H. Greenewalt
President and Chairman of the Executive Committee
E. I. du Pont de Nemours & Company

THE words "executive" and "manager" suffer much through loose definition and rather indefinite application. Unlike physicians or engineers or lawyers, executives require no official certification of ability and I doubt that there is any field of activity referred to so often and understood so little as that of management. Therefore I believe the nature of management and the requirements of its practice merit some thought, as we face the innumerable and complex situations involved in the executive's job today, and as we rapidly approach that time when management will be treated like any of the other professions.

The confusion about what we mean by an "executive" may arise in part from the fact that few people start out in life with the idea of becoming an executive. Most of us, I think, begin our careers in some specialized field, perhaps science or finance or law, and as young men, our hopes and aspirations are bound up in the pursuit of that chosen vocation. Executive responsibility comes later in life, almost wholly as a result of the office seeking the man, and often as a complete surprise. That is as it should be, for while there are always volunteers for better jobs, the raised hand is rarely a satisfactory guide.

In this connection I might mention a poll conducted by the psychology department of a Southern university in which an attempt was made to discover career preferences among undergraduates. Medicine and the law turned out to be numbers one and two, while other choices ranged through the professions and on into glamour jobs in the arts and the theater. Such results, I think, are typical, and reflect only the fact that the development and appraisal of executive talent cannot be done in our colleges, but must await experience in the practical realm of business operation. After such experience, we often find it beneficial to have our proven young executives go on with their business education either within our companies or in the graduate business schools of some of our universities, and in various other ways such as job rotation and counseling we try to develop the talent we have discovered.

But what is at the root of the executive function, what is involved in being a leader of other men in business? The best I can offer is to say that the basic requirement of executive capacity is the ability to create a harmonious whole out of what the academic world calls dissimilar disciplines. This is a fancy way of saying that an executive is good when he can make a smoothly functioning team out of people with the many different skills required in the operation of a modern business. He must plan and organize and integrate in every situation he meets. His most important function is to reconcile, to coordinate, to compromise, and to appraise the various viewpoints and talents under his direction to the end that each individual contributes his full measure to the business at hand.

Perhaps the best analogy to an executive's job is that of the symphony conductor under whose hand very different talents become a single effort

CRAWFORD H. GREENEWALT

CRAWFORD H. GREENEWALT has been president, chairman of the Executive Committee, and a member of the Finance Committee of Du Pont since 1948, the peak in a career begun when he joined the Philadelphia Works of the company as a chemist, immediately after receiving his B.S. degree in Chemical Engineering from M.I.T. in 1922. Before assuming the presidency, Mr. Greenewalt was in four manufacturing and two auxiliary departments, and was a vice president and a director of the company. He received the medal of merit of the Wharton Society for "distinguished leadership in the promotion of public understanding of business."

of great effectiveness. No conductor can play every musical instrument and no more can an executive be skilled in every talent he is called upon to supervise. There was a time when the boss prided himself on personal experience with every job in the shop. If this view ever had merit, it has long since become entirely unrealistic. Today, specific skill in any given field becomes less and less important as the executive advances through successive levels of responsibility. Today, for example, there are thousands of people in the Du Pont Company whose expertness in their special field I can only regard with awe and admiration. And to make the sad cycle complete, I have been out of touch with my own field of chemical engineering for so long that I cannot even talk on equal terms with the young men of that profession who are joining the ranks of the Du Pont Company today.

This basic executive requirement can be brought out and developed in people as they assimilate business experience. I believe we are probing for this quality when we make an executive inventory, and we are trying to encourage the quality and help it to grow, when we carry on management development, conferences, and counseling. Given the proper conditions and ability, managers can learn that they have this quality of reconciling and integrating multitudinous differences in other people, gain confidence in their ability and exercise it more effectively. We are beginning to learn a little more about it in the variety of executive plans and programs of various companies. This is one of the reasons why I say that management is well on the way to becoming a profession.

PARADOX OF ABILITY

I am sure that achievement in the executive field is much less spectacular than comparable success in many of the professions—the scientist, for example, who wins the Nobel Prize, the headline name who is elected governor, the skilful politician, the articulate college president. In fact, the more effective he is as an executive the more his own identity and personality blend into the background of his organization. Here is a queer paradox. The more able the man, the less he stands out, the greater his relative anonymity outside his own immediate circle. Perhaps this is also why his importance and his contributions to the national development are so little understood and why they have been so neglected by historians, past and present.

Yet the fact is that the business executive's part in our national development has been as profound—and far more lasting—than the exploits of the warriors and the makers of laws. The accomplishments of the American system are quite as much a triumph of management skill as they are of technical development and financial venture.

CREATION OF EXECUTIVES

In earlier days, business units were small and technology was simple; the proprietor of any enterprise could hold all the reins firmly in his own hands. But as production became more complex the tools and equipment grew more expensive and the capital to buy them had to come from groups of people rather than a few individuals. At the same time we began to require more and more the services of specialists and technicians. Business became increasingly a team effort, in which the contributions of each individual and each group had to be integrated with the contributions of others.

In this way, the executive came into being and the profession of management was born. The executive's function gained importance as the size of the business unit grew and its activities became more intricate. This has happened very quickly, as history is reckoned. The executive function is very largely a Twentieth Century phenomenon, and very largely an American creation.

We are also, to some extent, a profession without a tradition or a past. We have no patron saint and no oath hallowed by centuries of devotion. Yet the America we know today—its high living standards, its strength, its position as a world power—would have literally been impossible to achieve without the executive function. Our living standard and our strength arise out of our ability to produce. And production today in the required quantity, quality, and price depends on having enough competent executive talent to tie the diverse ends together and weld them into an effective machine.

We have had for many years our leaders in war, in government, in the church, in education. Now it has become necessary to supply leaders for the large-scale enterprise that business has become. And here the task of leadership is particular difficult, for it is necessary for business management not only to grasp the increasingly complex tasks of the present but so to plan that managerial competence will continue long into the future. If we are to continue our rate of progress, we're going to need lots of bright young men coming into business. The more we have, the greater the chance of developing the leaders of tomorrow. In my opinion the most important problem facing business today is that of insuring a caliber of managerial leadership that will measure up to the tasks ahead. Our bright young men will start as chemists, salesmen and accountants and it is up to us —the present generation of executives —to identify the capacities and the potential performance that will permit intelligent selection and development of our successors. I would certainly regard that as my own first responsibility and in many ways my most difficult assignment.

SOURCE OF INCENTIVE

We can't trust to luck if business is to have its share of these young men against the demands of all other professions and activities. We must see to it that our executives are properly and fairly paid for their work. But in these days of high personal income taxes, the money incentives so characteristic of business are declining in attractiveness. So, if not money, what? Many companies have explored the possibilities of non-monetary incentives as the new coin of executive reward. Whether they will be fruitful we do not yet know. The nice thing about money is that it has such a wide circle of admirers. People spend it in different ways, but its appeal is generally the same, even admitting that the perversities of human nature

In Memoriam . . .

It is with the deepest regret that we announce the death, on November 8, of Dr. Harlow S. Person, who was President of the Taylor Society from 1914 to 1918 and its Managing Director from 1919 to 1933.

are such that whatever fascinates Peter may bore Paul.

I hope for the best in these interesting experiments, but in the long run I am afraid we must look elsewhere. I believe that the only solution will appear through enhancing the prestige of an executive career in the profession of management. Prestige comparable to the prestige attached to older and more traditional professions can really only come from within. What the world thinks about us is usually a reflection, in some degree, of what we think about ourselves.

OUR PROFESSION MATURES

Could it be that behind the confident exterior of the business executive is an apologetic question mark? Do we in the business world secretly or even subconsciously feel that after all teaching or medicine or pure science is of greater worth or nobility? If so, it is high time that business shed its inferiority complex and took its rightful place in the ranks of the other honored professions. The older and more established callings have done much for the improvement of mankind, and continue to do so. There is no disparagement in the reflection that none has ever accomplished as much as management in as short a time.

Business as a profession is coming of age, and its members can stand before the world as practitioners of a difficult and complex art, without which the world would be the poorer. And if you have lingering doubts as to the place of executive management, ask yourself what your own companies would be today, if the wrong decision had been made at the crucial moment.

Prestige for this new profession will come, I know. It will come as people begin to understand and appreciate the contribution of business to the social, cultural, and the spiritual advancement of America. This is a matter on which our innate and becoming modesty has thus far counseled us to let our deeds speak for themselves. We need, I am afraid, to do more.

We must take real pride in the accomplishments of the executive. We must share that pride with our associates, our families. We have every reason to be proud. If we are to enlarge the scope and value of our profession and insure its future, we must communicate that pride to all the world. ●

CIPM Reports . . .

CIOS Gains Two Members

AT THE meeting of the Executive Committee of CIOS in Oslo last September, two new associates were added to the roster of CIOS members, bringing the total number of countries represented to 26. (CIOS is the International Committee of Scientific Management, of which CIPM is the American representative.) The two new members are management societies in Argentina and New Zealand, and their names are the Instituto Argentino de Relaciones Industriales and the New Zealand Institute of Management, Inc. respectively.

Doring Returns After Year in Turkey

CIPM and representatives of government and industry who are involved in the program of furthering scientific management ideas on the international level always listen with interest to the verbal reports of management specialists returning from a foreign project, for it is frequently on the basis of their recommendations and analyses that subsequent programs are scheduled for a specific country. CIPM last year recruited and briefed a team of four management specialists who went to Turkey for a year to act as consultants to Turkish industry in the four major industrial areas of the country. The production specialist on this team was Martin Doring, Chief Industrial Engineer of the Whitney Blake Company in Hamden, Connecticut, and previously Vice President of the New Haven S.A.M. Mr. Doring returned to this country several months ago, and because of his rather intimate knowledge of Turkish industrial conditions due to his protracted stay there and from the number of men and industries he knew and visited, his comments are interesting.

Very little is being done in Turkey today in the field of plant layout, reports Mr. Doring. Because labor is cheap, material may be moved by hand over considerable distances and at frequent intervals without raising the product cost to any marked degree. Pointing out that this situation of cheap labor was a relatively temporary one, Mr. Doring urged Turkish industrialists with whom he conferred to pay more attention to the location of their machines and other equipment. One of his Turkish counterparts, after hearing the discussion of plant layout, returned to his plant and set up his plant cafeteria on a new basis, since there had been many complaints from his employees of poor service through time wasted in lining up for lunch. After the relocation, he was able to reduce the serving time from twenty minutes to eight, without putting on additional staff in the cafeteria.

Quality control was another aspect of manufacturing that Mr. Doring feels needs much attention in Turkey today, where all manufactured items have a ready market, regardless of their quality. Because there is a constant demand for manufactured goods, Turkish manufacturers often ignore the quality factor. This has led many buyers automatically to favor the imported over the domestic product. In fact, Mr. Doring relates that Turkish buyers are so skeptical of their native products that many times, unless there is a defect that is visible to the naked eye, they will not purchase the product, fearing some more serious defect that they have not been able to see—and feeling that the defect *must* be there, even though they cannot see it.

One of the most favorable reactions that Mr. Doring brought back with him was the fact that he found most Turkish industrialists dissatisfied with the state of their managements, knowing that there is a better way of doing things, and eager to cover the ground in ten years that took American industry eighty. As long as this feeling of dissatisfaction exists, Mr. Doring believes that Turkish industry will continue to improve its practices and to overcome temporary material, currency and manpower obstacles. ●

Jane Dustan, *CIPM Editor*

S.A.M. is a charter member of CIPM, the Council for International Progress in Management, the American nonprofit, non-political organization devoted to the practice of scientific management on the international level. CIPM is in turn a member of the International Committee of Scientific Management (CIOS) which represents the organized management societies of twenty-six nations.

In this article a man who has had over twenty-five years in working with and appraising managements in business, industry, and government offers his cogent judgments and striking observations on the way companies should carry out their long-range planning. He discusses the basic factors which must be considered, such as setting objectives, establishing policies, and organizing to assign responsibilities and provide for coordinated action, and illustrates these with successful and unsuccessful approaches from his experience.

Planning The Strategy Of The Business

By Ewing W. Reilley
Partner, McKinsey & Co., New York City

THE challenges of our dynamic economy require strategic planning by top management similar in many respects to that done by the General Staff of an army. It used to be that wars could be won by brilliant field generals who operated on the basis of genius, experience, and hunch. Today *battles* may be won by such generals. But *wars* are won by strategic planning based on a careful estimate of the total situation.

Similarly in business short-term success can be achieved through shrewd intuitive decision making, successful opportunism, personal sales ability, leadership and drive, and the like. But, increasingly, long-term success in adjusting to changing conditions and continuing growth and profitability are dependent on careful strategic planning and then diligently carrying out the plan.

We have all asked ourselves why some companies consistently come up with more and better new products, more and better jobs, better relations with the community and government, and increasingly larger profits than others. Also, why is it that many of the companies that were leaders twenty-five or fifty years ago have now sunk into relative oblivion, while many that were unknown then are leaders today? But even more important, what caused some companies which were leaders *then* to still be leaders today?

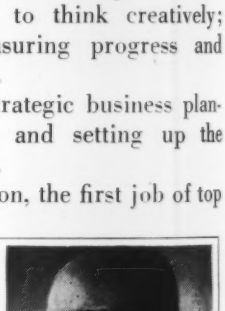
Observation of many companies has convinced me that the answers to these questions lie in the way a company goes about planning its business strategy. To be successful, business strategy must be based on:

- *A searching look within* to identify the strengths of the business that can be capitalized on and the limitations that must either be overcome or recognized in realistic planning.
- *A broad look around* to be sure that planning takes cognizance of the external factors affecting business success and adequately balances the company's obligations to customers, employees, owners, suppliers, and the community. Those businesses that have geared their policies to the dynamics of the economy, the market and social trends have made the best adjustments to stresses and to opportunities for expansion.
- And finally, while far-sighted planning has always paid off, today the increasingly long-term nature of business commitments also makes a *long look ahead* almost a necessity.

The success of strategic business planning depends further on management's recognition of the importance of these critical jobs: setting objectives; establishing policies within which to work toward objectives; organizing to assign responsibilities and provide for coordinated action; selecting and developing key personnel; helping them adjust to change; motivating them, and stimulating them to think creatively; and, finally measuring progress and evaluating results.

The heart of strategic business planning is defining and setting up the proper objectives.

In this connection, the first job of top



EWING W. REILLEY

EWING W. REILLEY has made surveys of industries and companies to assist managements in diagnosing problems and in developing and carrying out programs for their solution, working from 1929-39 in investment banking and trust companies and from 1939 to date with McKinsey & Company, where he is a Partner and President of the McKinsey Foundation for Management Research. He did the same type of work in the Army during World War II, for which he was awarded the Legion of Merit, and since the war has assisted a number of government agencies. He received his A.B. from Yale and his M.B.A. from Harvard.

management is to decide what kind of business the company wants to have and the place in the market to which it aspires.

Does it want to specialize or diversify? Does it want to grow, or is it content with its present size?

In general, the broader the company's base is in terms of range of products offered and markets served, the better are its chances of success. However, some companies have become highly successful by finding a unique role and specializing in it. For example, the dyestuffs industry is generally characterized by huge companies which have large capital investments but which must be satisfied with modest returns. Yet there is a moderate sized dyestuffs company which has enjoyed a remarkable growth and consistently made more than a fifty percent return on invested capital. It does this by specializing in dyes which involve difficult problems, but which are of such small volume that large companies do not wish to invest the technical ability required to solve them. Also, it is fast to sense new trends and ingenious in capitalizing on them.

Is growth one of the company's goals? Few things in life, including businesses, stand still. They either grow or decline. However, not all companies are equipped to grow. Recently an outstanding specialty manufacturer decided against acquiring another company in its own industry because its management recognized that, while they were outstandingly successful in their own narrow field, they were untrained for the administrative responsibilities needed to become a big factor in the industry.

FACTORS IN SOUND GROWTH

The most valuable growth is not necessarily the most rapid, but rather the most persistent. This characteristically results from successful research into many new fields, continuously creating new markets for old products and new and better products to add to the line. There is convincing evidence of the importance of industrial research —for example, a recent study which indicated that there was a direct correlation between the relative amounts of money companies in a certain industry spent on research and their relative market position four years later.

In deciding how to achieve its goals of diversification and growth, top management should assess the strengths on which it can capitalize as well as the limitations that must be recognized. For example, a leading chemical company will go into a new field only if it is one where its outstanding research and technical skill will give it an important competitive advantage. Another leading company is only interested in products where the mass production techniques in which it is pre-eminent will give it cost advantages. A third seeks only products on which a consumer franchise can be built by capitalizing on its advertising skills. Thus, by building on strength, these companies avoid products and fields which they are not well equipped to handle.

PRODUCT PLANNING

Having set its objectives regarding the kind of a business and market position it wants to have, top management must next assay the product line's adequacy to meet these objectives.

Most products have a profit life like human beings, including a period of growth, a period of stability, and a period of decline. The top management of a leading chemical company recognizes this by periodically appraising the economic health of its products. Managerial and financial resources are then targeted on those having the most promising outlook. Those in the declining phase are rigorously weeded out if return on investment falls below a certain level. This pruning process helps top management to concentrate on the need to develop healthy growing products to take their place.

Product planning should also take into account external economic and social developments. A dramatic example of the importance of such planning was the decision reportedly faced some years ago by a major automobile company concerning its low-priced line of cars. Top management had these alternatives: to concentrate on building the cheapest automobile possible, or, instead, to give the consumer a better product at approximately the same cost in terms of purchasing power. They decided to follow the latter course because they recognized the underlying trend in this country toward a higher standard of living. As a result, the company's low-priced cars are today a better automobile than its highest-priced ones were a relatively few years ago.

As further illustration, strategic product planning enabled the top management of a relatively small company to turn a loss into a profit. They recognized that the dominant companies in their industry had tremendous advantages in engineering, production, advertising, and sales, but only in their high-volume products. By studying what constituted an economic unit in the industry, they found that their own company could make a very handsome return on its investment if it got only 4 to 5 percent of the total market. So instead of trying to compete for the mass market on a "me too" basis, they decided to use consumer research to identify the desires of buyers who wanted "something different." This market was not economical for the big fellows, but a small company could do very well by getting only one buyer out of twenty.

Top management marketing decisions cannot be profit decisions without superior strategic planning. A classic example of this was the decision some years ago by the top management of a company that held a leading position in the high-priced prestige car field to "trade down" by bringing out models bearing the same name in the medium-priced field. Top management hoped by so doing to tap a much larger segment of the potential market. However, they failed to recognize that the marketing and other management skills which could be successful in the high-priced car field were not necessarily adapted to doing a volume job. They also failed to recognize that, by trading down on their name, they would impair the prestige which had given them a leading position in the high-priced field.

Not too many years ago the sales of another company—a major packaged consumer goods producer—declined sharply because top management did not recognize the growth in importance of chain stores and super markets and continued to base its marketing strategy primarily on appealing to the independent grocer.

ECONOMIC PRODUCTION

Top management strategy must also consider how it can produce most economically with a proper regard for stabilization of employment and return on invested capital.

Recent developments leave little doubt that increasing emphasis on stabilized employment will tend to convert direct labor from a variable to a more nearly fixed cost. This will require top man-

agements to look further ahead to be sure that the continuing demand for a given product or operation will justify incurring these fixed labor costs. There will be more need to see whether the company can add new products or subcontract work to level out peaks and valleys. Finally, there will be a need to make sure that the company is doing everything it can to *plan* for stabilized employment and to build greater versatility into its work force.

FACILITIES DECISIONS

Long-term facilities planning requires that top management analyze the probable future market for its products, determine what percentage of the market they think they can get and translate these into plant requirements. If they overestimate they end up with excess capacity and unnecessary capital investment and fixed charges. If they underestimate they incur the added costs and inefficiencies of overtime to meet peak demands.

Facilities decisions also involve considering the plans of competitors. For example, some companies may find that, whereas the outlook for growth in demand is good, the aggregate of all of the expansion planned by the industry may create overcapacity for some years to come, as has happened in the case of DDT, penicillin, beer, and many other products.

Strategic facilities planning also requires study of the impact of automation, electronics, atomic energy, new product competition, and new techniques on manufacturing operations. A few years ago a large woolen manufacturer ordered several million dollars' worth of looms made to a prewar design. A radically new loom was being introduced by a European manufacturer at the time this contract was signed. By the time the old-design looms were put in position in the factory, the new design loom had demonstrated cost savings of 47 percent. So before the electricity was turned on, a $3 million investment had been obsoleted.

The failure to base facility plans on a searching look within was costly to a medium-sized company that hired a top production executive from a very much larger competitor. This executive was accustomed to large-volume operations that justified a high degree of automation. Without thinking through the differences in the nature of the two businesses, he introduced a degree of automation that could really not be justified by the company's volume. Thus, he tied up capital that was sorely needed for other purposes and also incurred unnecessary fixed charges.

The tremendous importance of management in our society underlines the necessity for top management to have ethical and moral considerations in mind in setting its objectives and managing its business. This involves consideration of the impact of management decisions on employees, customers, suppliers, the industry, the community, and—where applicable—the nation. No discussion of strategic planning would be complete without emphasizing the importance of these considerations. However, the limited amount of space that we can devote to any single aspect of strategic planning will not permit us to do full justice to it here.

The foregoing examples illustrate the strategic approach to top management planning of the objectives of the business. The same approach must be applied to designing the organization structure; selecting, developing, and motivating the people through whom these objectives must be accomplished; and measuring the results of their efforts.

PLANNING THE ORGANIZATION

In planning its organization structure, top management must take a searching look within to determine whether it has identified and provided for all essential activities.

Even if these activities are now being performed, there may be no provision for clear-cut responsibility for results and the necessary authority to achieve them. For example, in reviewing its organization, a leading airline recognized that the loyalty of air travelers to a given line is directly related to the way they are handled when they call for a reservation, get tickets, wait for baggage, or when flights must be delayed or rerouted, etc. They found that responsibility for these activities was divided among several departments. Therefore, the organization was changed so that responsibility for all aspects of customer service was placed under a single executive in the company's headquarters, and at each location where the company operates.

Strategic organization planning also involves taking into account all of the factors which determine how the work should be organized. For example, the above-mentioned airline recognized that the need for fast, coordinated decision-making on a nationwide basis required central direction of all flight activities. On the other hand, customer and plane servicing required on-the-spot coordination and decision making. Therefore, the latter activities were decentralized under local and regional managements.

FREEING TOP MANAGEMENT

Furthermore, the organization plan must make it possible for top management executives to concentrate on basic planning, policy making, and evaluation of results. This can be achieved by delegating as much decision-making authority as practical to lower levels of management.

In this connection, the advantages of a decentralized divisional type of organization are well recognized today as a means of freeing top management for overall corporate planning and at the same time providing profit centers and focal points for coordinated planning and action for individual segments of the business.

But a number of companies have found that this type of organization would increase their management costs by anywhere from 15 to 30 percent because of the need to duplicate certain activities. Therefore, in deciding how far they could go in decentralizing, these companies have had to weigh whether the advantages to be gained were likely to enable them to increase gross profits enough to justify these increased costs.

One of the primary considerations in designing the top management structure is to provide for strategic planning. This involves seeing that activities like research and development, commercial and market research, organization planning and operations research are provided for where applicable. It also includes building coordinated strategic planning into top management processes. Some companies have assigned a top management executive specific responsibility for assisting the chief executive in coordinating and programing corporate planning and provided staff to assist in this process.

Strategic organization planning, short-term at least, must also take into consideration the informal relationships between key individuals and groups. No matter how good it looks on paper, a

plan that has not taken these into account is likely to run into trouble.

The plan of organization that is best for a company at any given time will depend on the state of its own evolution. For example, during the Twenties, a number of packaged consumer goods companies were merged on the strength of the advantages that would come from selling through a common sales force. Initially the business was organized on a functional basis with all sales activities reporting to a Vice President for Sales, all plants reporting to a Vice President for Manufacturing, and the like.

Conditions during the depression of the Thirties and World War II shortages encouraged the establishment of strong central control. But shortly after the war top management felt that the number of products had become so great that centralized planning and coordination was no longer effective. So they decided to divisionalize. However, after costing it out, they decided to continue to sell through a common sales force, which acted as the distribution agency for all divisions. But the company's growth of late has been such that a salesman could no longer do justice to the entire line of products. So the company recently merged several smaller divisions and gave each of the remaining divisions its own sales force.

In each of these stages, the company's organization plan was well adjusted to its needs at the existing state of its evolution and to its external environment.

PLANNING PERSONNEL STRATEGY

No matter how good the objectives and organization structure may be, in the last analysis results depend on the capabilities of people. Therefore, an extremely important aspect of strategic planning is the selection and development of the kind of people needed to meet long-run objectives.

For example, in planning to expand, companies often overlook the important fact that different businesses require different skills and temperaments. This is illustrated by the case of a successful manufacturer of industrial goods whose research department developed a product for the consumer market which was judged to have outstanding possibilities. A new division staffed with the company's own people launched the new product. But the predicted profits

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shortly turned out to be staggering losses. It was first assumed that the product was poor, then that the decision to launch it had been based on faulty staff work. More careful investigation showed that the real problem was people. The new division's staff had been entirely competent in the parent company's engineering type of business. But the new product had been launched in a highly speculative market, where success depended largely on shrewd, entrepreneurial decisions and fast action. Certain key positions in the division were then staffed from outside the company, with executives who had demonstrated their ability to make money in this market. The division soon moved solidly into black ink for the first time.

Organization changes—for example, the decision to decentralize on a divisional basis—can also pose some serious personnel problems. Experience demonstrates that most executives rise to the challenge of decentralized management. However, unfortunately some do not. Frequently most candidates for division managership will have little knowledge of a number of the functions they will be directing or experience in being over-all businessmen as compared with functional specialists. Also, many have not been trained to make their own decisions, and to live with them after they have made them. This can have serious consequences for the newly-divisionalized company. One company reports that one-third of its original division managers had to be replaced within five years. Equally difficult are the problems of former top management operating executives who must shift over from line to general management functional jobs.

Since it takes a long time to develop people, strategic personnel planning involves anticipating future requirements for managers and making sure that they are developing. The most important factors affecting the development of managers are the way the business is run and challenging opportunities in the work they do. In addition, some important techniques now emerging, such as automation and operations research, will require a higher order of analytical and planning skill, not to mention technical knowledge, than is possessed by many present managers.

These problems highlight the need for management training, discussed below.

Change is one of the few certainties of our modern society. So just as mobility is important in military strategy, present trends are increasing the premium on management's ability to help the organization to adjust to change.

ADJUSTING TO CHANGE

Changes can be accomplished more fully, quickly, and smoothly and casualties such as those referred to above can be minimized if the management planners bear in mind that results must be accomplished through people. There are a number of guidelines that can help in this connection.

It would be hard to overemphasize the top man's role in effecting change. Therefore, the plan must be one that he can work with. It would be unrealistic to set goals that require a price higher than he is willing to pay. For example, an executive approaching retirement may be unwilling to undertake certain things a younger man who is "on the make" would do. It is also essential to be sure that the top man understands and is prepared to do what he must do to help carry out the program. Otherwise, when he comes up against something difficult or unpleasant, he may say, "No, I don't want to go that far. I hadn't realized I would have to do this. I would rather struggle along with what I have." And if the top man is not prepared to carry out his part, the resistance and inertia down the line will increase immeasurably.

People can change only if they understand what is expected of them. Therefore, it is important to spell out concretely at each level in the organization what people are supposed to learn in order to perform effectively. It is also important to provide teaching aids to assist them in actually absorbing and learning new skills.

Change can be facilitated by making

people aware of the benefits to be derived and providing assurances on points on which they have misgivings. Frequently they are so accustomed to their former ways of doing things that they do not recognize the disadvantages. So the proponents of change need to stress the drawbacks of the present approach as well as the advantages that will accrue to each individual as well as to the business as a result of the change.

Finally, means must be provided for determining how the plan is progressing so that problems can be recognized and dealt with quickly. No one can foresee the entire future. So it is necessary to check on how the plan is really working so that problems can be recognized and dealt with promptly.

However, results will also depend on top management's ability to motivate people, to stimulate the creative thinking required by leadership in today's changing world, and to integrate their efforts toward the achievement of company goals.

MANAGEMENT CLIMATE

An important source of motivation comes out of the satisfaction the individual gets out of his job. This depends in part on how work is organized. It also depends on a management climate which emphasizes delegation of authority, encouragement of innovation, freedom of action, teamwork, and uncompromising insistence on high standards of performance.

Perhaps the most important factor influencing management climate is how well top executives can formulate basic concepts in their own minds, communicate them to the organization, and stimulate lower level executives to think creatively, make their own decisions, and stand on their own feet. Incidentally, most top management executives underestimate the extent to which their leadership and example, like a stone dropped into a pool, fans out and affects the entire organization.

In this connection, many operating executives who are promoted into top management positions find the transition extremely difficult. They miss the satisfactions of feeling in direct control, of making decisions, issuing orders, getting things done, and seeing quick, frequent, and tangible results. Frequently they tend to revert to their former ways of managing and, in one way or another, to intervene in the work of their subordinates. This not only diverts top management's own attention from strategic planning. It also consumes an enormous amount of time of lower levels of management in preparing justifications and explanations, time which could better be directed toward more constructive work.

MEASURING RESULTS

The motive power of the management machine is also greatly influenced by the approach top management takes to judging and rewarding performance.

The Chairman of the Board of one of our leading manufacturing companies recently cited a dramatic example of this. This company had been quite drastically reorganized. One of the changes was installation of a modern cost control system and a supplemental compensation plan. But much to management's surprise, little or no improvement followed these innovations. So they called a meeting of several hundred of their top people, at which they analyzed and compared the profit performance of each unit, showing each man how his performance was reflected in the supplemental compensation fund. Each man in turn held similar meetings of his own supervisors and the process continued on down the line, with meetings held at regular intervals. The direct relationship between the results for which they were responsible and their own compensation caused all members of management to determine to put their houses in order.

As a result, direct labor costs were reduced from an off-standard of 65 percent to 10 percent *under* standard in seven years. Manufacturing overhead was also drastically reduced. Top management is convinced that these achievements would have been impossible without the combination of a system for measuring performance tied to real incentives.

Return on investment is, of course, both widely used and highly effective for measuring results where integrated divisions are concerned, but is not adequate by itself. For example, one large company had considered the managers of two of its divisions to be equally competent. Quite accidentally, during the course of a study of these two divisions it became clear that one manager was far more able than the other. To be sure, each division's volume and profits had increased at approximately the same rate. However, when the shares of market enjoyed by these two divisions over a period of years were analyzed, it was found that one had been losing position—although increasing its volume—while the other division had been increasing its share of market.

This is but one evidence that top management needs to learn much more about measuring results in order to improve its strategic planning. Growing recognition of the limitations of financial measurements alone is causing more and more companies to take a searching look at all the major factors essential to success and to seek ways of measuring results on each. Among the factors receiving increasing consideration are share of market enjoyed, new products introduced, productivity, development of key personnel, and employee and community attitudes. Short and long term considerations should be balanced since there are many ways that a manager can improve his short-term showing at the expense of the future.

GOALS

In addition we must not overlook the motivating force of integrating corporate and individual objectives and of company-wide communication of clearly defined goals and plans to achieve them. An integrated approach to corporate goal-setting and planning and effective communication of the "image" of the goal to be achieved enables each individual to clearly visualize where his efforts fit into the total scheme of things.

It seems inevitable that strategic planning, which integrates all aspects of the business and is based on a searching look within, a broad look around, and a long look ahead will play an increasingly important role in meeting the challenges and problems of our dynamic economy. This approach enables top management to be sure that its energies are devoted to really profit-building activities, rather than to day-to-day emergencies. It also ensures that in so doing management will not overlook its important obligations to customers, employees, owners, suppliers, its industry, or the community. Equally important, this approach enables top management to define its goals so that all members of management can see them clearly and can thus coordinate their individual efforts toward the attainment of these goals, measure their results, and derive motivating satisfactions from group achievement. ●

A report of the results of a controlled experimental study of positive and negative styles of conference leadership, involving four discussion groups and two conference leaders, who were trained in and used the different styles of leadership alternately. The findings indicate that the positive style led to greater satisfaction and acceptance of group solutions and was more effective in changing the attitudes of the participants.

A Controlled Experiment On Conference Leadership

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One survey shows that the average executive devotes from one-fourth to one-half of his time to conferences. Yet surprisingly little is known about conference leadership. The typical author who writes in this area usually bases his "principles" upon feelings or hunches which he has derived from limited experience in leading discussions. Although some good practical points can be found in such literature, the general inadequacy of the approach is made clear by the lack of agreement among various authorities.

In an attempt to find a truly productive form of conference leadership, we conducted a controlled experiment. Two different leaders were trained to discuss two controversial topics with four matched groups of nine members. Each leader used a positive style of leadership with two groups, and a negative style of leadership with two groups. Then, certain statistical measurements were made to see whether one style was more productive than the other.[1]

The two discussion leaders were of dissimilar age and background. One was an Air Force major of about 37 years of age, who instructed cadets in technical subjects at a pilot training center. He had taught in a high school for several years before making a career in the Air Force. By contrast, the other leader was 23; a college junior majoring in psychology. Except for a Sunday school class he had once taught and the instruction he gave as coach of a university fencing team, he had had no experience as a discussion group leader or teacher.

It was assumed that the topics chosen for discussion would have to be of a controversial nature to provide realistic experimental discussions. Consequently, a poll of some 100 students was conducted. The two topics chosen were:

"Should Negroes be Admitted to White American Colleges; if so, Under What Conditions?"[2]

"Should Anything be Done About So-called Professionalism or Commercialism in Inter-Collegiate Football and Basketball?"[3]

Four groups of nine college students each were equated from a total of 117 male students enrolled at the time in the writer's classes. The majority were juniors and seniors. Their discussion participations were related to their final course grades, to provide added inducement for them to enter realistically into the discussions. They were not informed

[1] *Technically speaking, a 2x2x2, factorial design with four equated groups and no duplications was used. A "cross-over" technique was employed to balance the effects of the main factors and provide a greater response sampling. This procedure may be illustrated as follows:*

Group W
Leader 2, Topic 1, Positive Style
Leader 1, Topic 2, Negative Style

Group X
Leader 2, Topic 1, Negative Style
Leader 1, Topic 2, Positive Style

Group Y
Leader 1, Topic 1, Positive Style
Leader 2, Topic 2, Negative Style

Group Z
Leader 1, Topic 1, Negative Style
Leader 2, Topic 2, Positive Style

[2] *All of the discussion group participants were Texans born in Texas.*

[3] *At least one varsity football player was included in each discussion group.*

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as to the nature or purpose of the experiment. They took active part in the discussions, and willingly completed evaluation questionnaires as required.

Under the positive style of leadership, the leader:

- Draws upon the group for ideas or an agenda for discussion. Consequently, "activity perspective" is given the group and procedure becomes a matter for group decision.
- Attempts to foster a "permissive" atmosphere by limiting his verbal participation to less than one-third of the total verbal activity of the group.
- Devotes the major part of his activity to:
  a. Non-emotional recognition and understanding of the ideas and comments from the group.
  b. Providing technical or objective information to the group; clarifying issues by summarizing significant group thought periodically.

OBJECTIVITY ATTEMPTED

- Attempts to maintain a matter-of-fact attitude, giving praise or censure sparingly and objectively.
- Encourages disputants to project themselves into each other's position; to weigh the risks of taking a course of action against the risks of not taking it.
- Encourages compromise, intelligent understanding and willing acceptance of group solutions by each group member as substitutes for decision by vote.
- May attempt to relieve group tension in a crisis through the use of group self-evaluation and criticism.

Under the negative style of leadership, the leader:

- Prepares an agenda for the group unilaterally; the group gains knowledge of the agenda only as each topic or issue is presented by the leader. Consequently, "activity perspective" is denied the group, and procedure is determined by the leader.
- Uses diplomatic persuasion to sell his ideas to the group.[4] Due to this, the leader's verbal activity tends to comprise more than half of the total verbal activity of the group.
- Acts as an expert information giver, but tends to give greater emphasis to the data which support his views. He periodically clarifies and summarizes, but in a manner that is favorable to his position.
- Shows partiality by non-objectively giving praise and encouragement to those factions or individuals who support his views; polite criticism to those who do not.
- Discourages disputants from objectively examining their attitudes; sides with the person or faction who supports his views.
- Encourages acceptance of his position and disposes of individual or factional opposition through the use of majority votes if possible.
- Attempts to relieve group tension in a crisis by imposing his authority upon the group.[5]

Since each leader had to learn to assume either one of these styles at will, with a common understanding of the definitions given above, it was decided that a leader training program should be developed along the following lines:

- Discussion sessions with the two leaders until common agreement as to the meaning of the style definitions could be reached.
- Role-playing sessions during which each leader could practice the two styles and receive criticism and comments on his performance.
- Practice with regular discussion groups, including observer ratings for analysis and surveys of group reaction. (This phase of leader training constituted a pilot study affording opportunity to pre-test the leadership styles, the adequacy of the topics for discussion, and the soundness of various procedures which would be used to measure group "productivity.")

As a result of this training, the two leaders developed distinct concepts for the two styles of leadership and consistently applied them throughout the experiment.

MEASURING INSTRUMENTS

Various measuring devices were developed to provide indications of the effects of the positive and negative styles of leadership. These were:

Observer Ratings: Two observers were trained to classify independently all discussion utterances into one or more of three categories: Objective Task Functions, Positive Social Functions, and Negative Social Functions. These ratings were made to provide an indication of group permissiveness and cooperativeness.

Attitude Dispersion Scales: These scales were designed to measure the pre-discussion and post-discussion attitudes of the group members to provide an indication of the degree and direction of any attitude changes effected by the discussion. There were two scales, one for each experimental topic. As was the case with all of the questionnaires, the identities of the respondents were never known to others; secret group numbers, known only to the holders, were used.

QUESTIONNAIRES USED

Post-Meeting Questionnaire: Designed to provide indications of group permissiveness, participant satisfaction with solutions reached, the presence of attitude change, and the extent to which the group members were aware of the presence of the observers.

Post-Problem Questionnaire: Administered approximately one week after the conclusion of each experimental discussion. In addition to covering the areas of the *Post-Meeting Questionnaire*, this one was to measure participant satisfaction with discussion leadership, friendship formation and the popularity of group members, intra-group competition and communication.

Final Questionnaire: Administered to all participants about two weeks after the completion of the last experimental discussion. Designed to provide indications of participant satisfaction with solutions reached, the presence of attitude change, and the degree of realism achieved in the experimental environment.

Leader Time Record: A record of the total verbal participation time of each leader for each discussion; compiled to indicate the extent to which the leaders provided time for others to participate in the discussions.

Typescript: A verbatim record of the experimental discussions; to provide indications of the extent of group involvement and the consistency with which the leaders applied the two styles of leadership.

Despite the fact that the positive style of leadership consistently required more

[4] *For his ideas the leader adopted the decisions of the group with which he had used the positive style in discussing the topic.*

[5] *An experimental discussion under either style of leadership was to be continued until the group had achieved verbal unanimity or a point of no return.*

time for the completion of a discussion, the results indicate that the positive style is superior to the negative style in many respects. Some of the advantages are:[6]

• A more permissive and friendlier group atmosphere.

As evidenced by the finding that the "positively" led group members represented a significantly greater proportion of Objective and Positive Social Function statements—as recorded by the observers—and a significantly smaller proportion of Negative Social Function statements than were found for the "negatively" led group members.[7] Moreover, when the responses of all of the "positively" led group members were compared with the responses of all of the "negatively" led members, significant differences favoring the positive style were found for such questions as:

How did you feel about today's meeting?

Did you feel free to contribute ideas to the discussion?

POSITIVE STYLE FAVORED

• Greater group member satisfaction with the performance of the conference leader.

This was indicated by the significantly more favorable response of the "positively" led group members to the questions:

What was your general over-all impression of the quality of leadership shown by the group leader?

What would you consider was the group's over-all impression of the quality of the leader?

Also, at the conclusion of the experiment both leaders observed that they could literally feel a certain hostility of the group whenever they assumed the negative style of leadership.

• Greater group member satisfaction with and acceptance of group solutions; therefore, superior capacity for changing the attitudes of participants.

Four of the eight experimental discussions were concluded with complete verbal unanimity on all points by the group; three with verbal unanimity with the exception of one "holdout" on one point in each instance; and one with verbal unanimity on all points but one. Despite this, there were significantly more favorable responses by the "positively" led group members to such questions as:

Did the athletic discussion change your attitude about this problem?

Did you enjoy the athletic discussion?

How often was your own thinking affected by what the others were saying?

How good were the contributions of the others in the group?

What do you think of the final decision of the group?

LIMITATION OF FINDINGS

The value of these findings depends upon the assumption that other conference groups will react in the same manner as the experimental groups. Despite the fact that a representative sample of business executives was not used, the experimental results substantially agree with those of certain other related studies which employed groups that were dissimilar to those used in this study.[8] Consequently, there is justification in assuming that the positive style of leadership will be productive in most conference situations.

The usefulness of conference decisions will depend largely upon the extent to which they are successfully implemented. Successful implementation will occur if those responsible for it are adequately motivated: if they can achieve sufficient identification with, or faith in, the decisions they are to put into practice and make work. Such identification on the part of group members is not created by their verbal agreement with solutions; it occurs as the result of genuine attitude change. And it seems that such change will more likely result from attempts to *evolve* decisions from rather than *impose* them on the group. Consequently, in addition to other advantages, "positively" conducted conferences should provide for the most efficient execution of group plans by group members.

TRAIN YOURSELF

You can learn to use the positive style of leadership effectively if you practice it and make it part of your experience. One of the best ways to train yourself or others is through the use of *both* styles with the same group, preferably a training group that can criticize the practice leader and express its reaction to his performance. The positive style provides a list of sound objectives, but, as with golf or interviewing, skill in conference leadership will come only with intensive "doing."

The value of this training approach is pointed up in the opinions expressed by the discussion leaders at the conclusion of the experiment. They admitted that though they had understood the conceptual distinctions between the two styles of leadership at the conclusion of their leader training, they had definitely doubted the value or utility of these distinctions; but that by the time of their last experimental meetings, as a result of their experience with the groups, the basic importance of the distinctions had become crystal clear. ●

READER SURVEY

A survey of Advanced Management readers will be made to obtain audited circulation figures to be used in building our magazine's advertising status.

If you will fill out and return the Reader Survey postcard which you will receive soon, you will help greatly to complete this job.

The Editor

Watch For It!

[6] *These results, of course, cannot apply to situations which require immediate action, when use of the positive style is impractical.*

[7] *All significant differences cited are significant at the five percent level.*

[8] *For examples, see: Lippitt, R., "An Experimental Study of Authoritarian and Democratic Group Atmospheres," Studies in Topological and Vector Psychology,* University of Iowa Studies in Child Welfare, *Vol.* 16, *No.* 3 (1940); *Curfman, Mary, "An Experimental Investigation of Some of the Influences of Authoritarian and Democratic Atmospheres on the Behavior of Small Groups," Stanford University M.A. Thesis,* 1939; *Lippitt, R., "An Analysis of Group Reaction to Three Types of Experimentally Created Social Climates," State University of Iowa Ph.D. Dissertation, June* 1940; *Lewin, K., "Forces Behind Food Habits and Methods of Change,"* Bulletin of the National Research Council, *No.* 108 (1943), *pp.* 35-65; *Alex Bavelas' Study of the Effects of Group Decision upon Group Productivity, reported by N.R.F. Maier in* Psychology in Industry, (*Houghton Mifflin Co.,* 1946), *pp.* 264-266; *the Coch and French Group Participation Experiment, and the Levine and Butler experiment with Group Participation in Decision Making reported by Morris S. Viteles in* Motivation and Morale in Industry, (*Norton and Company, Inc.,* 1953), *pp.* 164, 173.

Our way of life itself, as well as the future of the free world, may depend in large measure upon the effective executive dirction and the efficient operation of our missions overseas and of their home office in Washington. Increased stress has been laid upon executive responsibilities in the Foreign Service, and a School of Management has been developed recently. The significant features of these activities are described here.

Executive Development In The Foreign Service

By James F. Grady
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DURING the past year and a half the Department of State and the Foreign Service have been undergoing a major administrative reorganization as a result of the adoption of the recommendations of the Public Committee on Personnel appointed by the Secretary of State in March, 1954. This Committee was composed of leaders from business, education, and government.[1]

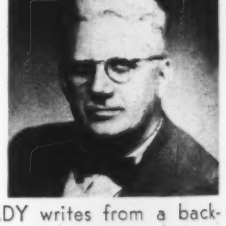
The recommendations of the Secretary's Public Committee dealt principally with the expansion of the Foreign Service Officer Corps, the simplification of the personnel structure, the designation of approximately 1500 positions within the State Department in Washington to be filled by Foreign Service Officers, and the establishment of a career training program to be conducted by an expanded and revitalized training organization, the Foreign Service Institute.

The reorganization and strengthening of the American Foreign Service is a matter of considerable interest to business executives and, in fact, it is a matter of personal and immediate concern to all Americans. In a cold war the Department of State occupies the central role and a large share of the Department's responsibility falls on our professional diplomatic corps, the American Foreign Service. Our way of life itself, as well as the future of the free world, may depend in large measure upon the effective executive direction and the efficient operation of our missions overseas and of their home office in Washington.

This article deals with one important phase of the reorganization—the increased emphasis upon executive responsibilities in the Foreign Service and the importance of developing *generalists* for top executive positions as well as specialists in economic, political, consular, and public affairs activities and in the numerous subdivisions of these fields.

The role of the specialist in the conduct of foreign affairs was so strongly emphasized in the report of the Secretary's Public Committee that many gained the impression that the day of the "generalist" had passed. This impression, however misleading, was understandable in view of the statement in the report: "The hard fact is that in diplomacy, as in other areas of collective endeavor, the 'generalist' theory has been outmoded by events."

The fact is, however, that the need for generalists at appropriate levels was recognized by the Committee and can be illustrated by the following excerpt from the same section of its report: "Prevailing management practice today emphasizes the development of an individual around his specialty, with the generalism coming later as he approaches full maturity." While the Commit-



JAMES F. GRADY

JAMES F. GRADY writes from a background of thirty years' industrial, educational, and governmental experience, including nine years in the Foreign Service. As a member of the Foreign Service Inspection Corps, he gained a knowledge of management practices in thirty posts in the Middle East, European, and American Republics areas. Among his prior positions, he had been Senior Staff Member of Wallace Clark and Company and Assistant to the Administrator of War Assets Administration. He was president and national director of the S.A.M. Washington Chapter in 1942-43, and Chairman of the Society's Pan-American Committee in 1943-44.

[1] *The members of the Committee were Dr. Henry M. Writson, Chairman, President of Brown University; The Honorable Morehead Patterson, American Machine and Foundry Co.; Mr. John A. McCone, The Joshua Hendy Corporation; Mr. Charles E. Saltzman, Henry Sears and Co.; Mr. John Hay Whitney, J. H. Whitney and Company; Mr. Robert Murphy, Deputy Under Secretary of State; The Honorable Norman Armour, former Assistant Secretary of State and former Ambassador; Mr. Donald Russell, University of South Carolina.*

tee's recommendation will apply to most Foreign Service Officers, it is recognized that some highly developed specialists, such as minerals attachés and perhaps labor attachés, may devote their entire careers to their specialties. For such specialists a need may never arise to function as generalists—as principal or deputy principal officers of Foreign Service posts.[2]

The role of the top executives of a Foreign Service post is that of the generalist, not the specialist. They may be specialists in one or even two fields. In fact, it is customary in industry and in government to promote specialists to positions of command. In industry the director of research, the sales manager, the controller, or the production manager may be promoted to the position of executive vice president or president; but if he continues to think and act as a specialist, he disqualifies himself for his proper role of generalist. As a top executive or "generalist" he must concern himself with the activities of all sections or divisions and get results through strengthening the functions of the various specialists and coordinating their work planning and output. This is a fundamental in industrial organizations, and the same principle applies to the Government and the Foreign Service.

DELEGATION REQUIRED

Traditionally in the Foreign Service the specialist in political work has been appointed deputy chief of mission or chief of mission; to a lesser extent, the specialist in economic work or, in rare cases, the specialist in consular work has been appointed to these positions of command. In too many cases the newly designated chief or deputy chief continues to act as a specialist in his former field—to the neglect of his responsibilities for executive direction of other sections, consular and economic as well as administrative, and also to the detriment of the Service. Whenever the top executive or his deputy acts as a super-political or economic officer, the actual section head does not have the opportunity to develop with the responsibilities of his position as the officer in charge of a section. I can recall several able chiefs of political sections who in actual practice, much to their disappointment, had to function as assistant chiefs because the deputy chief of mission couldn't stop thinking of himself as the supervisor of the political work. On the top level, of course, the chief of mission and the deputy chief of mission must engage in political or economic negotiations and draft high-policy reports. In emergencies they may even have to devote practically full time to such negotiations and reporting, but under normal conditions the day-to-day operations of a section should be directed by the chief of that section.

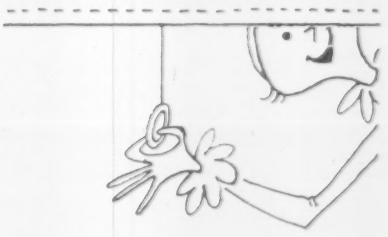
NEW CONCEPTS OF DUTIES

A great deal of confusion exists as to what we mean by the terms "administration," "management," and "executive direction" and, in our organization, about the specific functions and responsibilities of the top executives of a Foreign Service post, the principal officer and his deputy. One deputy chief of mission recently asked me, when we were discussing the responsibilities of a deputy, "Are we supposed to be super-administrative officers?" He went on to say that the Foreign Service Inspectors,[3] after completing the inspection of his post, had told him that the serious weaknesses which had existed in the administrative section at that post might have been corrected if he, as deputy chief of mission, had kept himself informed about the work of that section and had provided the type of executive direction which was his responsibility. In his capacity as deputy chief of mission he was responsible for the execution of policy, the supervision of the post, and the coordination of activities of the various sections. His question indicated definitely his failure to understand his function as a top executive. I answered his question by saying that he wasn't expected to be a "super-administrative" officer any more than he was to be a super-chief of the political section or of any other section—if by that title he meant that he was to take over the responsibilities of the chief of a section and, in effect, to replace the section chief as the supervisor of the section!

Another deputy, just before the inspection of his post, stated that he knew the administrative activities were in bad shape. He had thought seriously some months previously of asking the chief of mission to relieve him temporarily of his responsibilities as deputy and to designate him acting administrative officer so that he might, as he put it, "clean up the mess." At the completion of the inspection he stated that he had a new concept of his responsibilities and felt that he could have brought about the necessary improvements if he had taken time—and only that portion of his time which as deputy he should devote to any single section of the embassy—to inform himself of the specific weaknesses in the section's work and to introduce corrective measures to insure completion of essential work on schedule and up to the required standard of performance. The basic weakness in the operation of the post was failure of both the principal officer and the deputy principal officer to understand the role of command, the nature of executive direc-

Chapter Performance Standings
as of September 30, 1955

Knoxville	3214	Baltimore	1696
Lancaster	3128	Reading	1685
Bridgeport	3078	Twin City	1608
Hudson Valley	2995	Clearing	1600
Raritan Valley	2841	Lehigh Valley	1506
Indianapolis	2832	Columbus	1400
Greensboro	2760	Washington	1476
Chicago	2714	Dallas	1440
Wilmington	2701	Sacramento	1396
Providence	2653	Worcester	1380
Boston	2617	Los Angeles	1249
Pittsburgh	2540	Montreal	1011
Western No. C.	2536	Cent. N. Y.	1006
Cleveland	2479	W. Mass.	863
N. E. Penna.	2353	Portland	862
Philadelphia	2339	Cent. Penna.	745
St. Louis	2246	San Francisco	646
New Haven	2222	Athens	
Milwaukee	2178	Calumet	
No. N. Jersey	2160	Charlotte	
Kansas City	2124	Cincinnati	
Trenton-Delaware Val.	2016	Dayton	
Nashville	2015	Detroit	
Greenville	1998	Fox Valley	
New Orleans	1953	Georgia	
Alabama	1924	Hartford	
Richmond	1824	Madison	
Binghamton	1795	Puerto Rico	
New York	1734	Stamford	



[2] *The term "post" refers to an embassy, legation, or other diplomatic mission or of a consular office of the United States. The term "principal officer" refers to the officer in charge of a post: the Ambassador of an embassy, the Minister of a legation, and the Consul General or Consul of a consular office. At present there are 66 embassies, 9 legations, 57 consulates general, and 98 consulates.*

[3] *The Foreign Service Inspection Corps is concerned primarily with the improvement of operations and morale, although it is also responsible for the correction of any faulty practices.*

tion, and the specific ways in which they should provide the leadership and guidance to insure effective performance.

While the efficient operation of a post depends upon well-qualified personnel in all positions and upon teamwork particularly among section heads, the principal factor in achieving a high degree of effectiveness is the leadership of the principal officer and his deputy —the quality of the executive direction provided at the post. Here we find the same opinion shared by industrial executives, government officials, universities and management consulting firms specializing in executive development, and by Foreign Service Inspectors. Based on biennial inspection of all Foreign Service posts, the experience of the Inspection Corps, with which I had the pleasure of serving for over two years, shows conclusively that the character of a post's operations and the morale of its staff reflect, to a striking degree, the personalities and the methods of its chief executive and his deputy.

PRIME EXECUTIVE REQUISITES

What are the principal qualifications of a top executive—the qualities that in most cases must be developed through planned programs of formal training and on-the-job experience to avoid the haphazard or chance development that produces senior officers well qualified as specialists in their own fields but unfitted for the executive's generalist function required by the role of command as a principal or deputy principal officer? In brief, these qualities of a top executive may be summed up as:

1. A general knowledge of the functions and activities of each section of a position.

2. Ability, frequently a matter of temperament as well as know-how, to delegate responsibility and authority in keeping with sound organization and the capacity of subordinates. Under-delegation weakens subordinates, but over-delegation results in abdication of authority and denotes lack of leadership.

3. Ability to maintain adequate controls to insure meeting deadlines as well as high quality of performance.

4. Ability — sometimes more importantly the *courage*—to make decisions; also to know when *not* to make a decision and when to *refer* the making of a decision to the appropriate subordinate executive, thereby strengthening both the subordinate and the organization.

5. Skill in training subordinates—knowing how to develop responsibility in others and how fast a subordinate can take on broader responsibilities. Willingness to give credit where credit is due, or earned recognition, is an essential in developing subordinates.

6. Finally, and directly related to the preceding quality, skill in human relations—in getting things done through people, in gaining acceptance of ideas, and in building effective teamwork based upon a sense of participating in the important mission of the post.

It should be emphasized that there is no such thing as a "typical executive." A good executive tries to be himself and to do things in a way that is natural to him. He knows that management is both an art and a science. Skill can be acquired, as in any art, by practicing improved methods and by knowing the better methods that are used effectively by other executives.

In both industry and government today authorities are in full agreement on two basic principles:

1. No organization is any better than its administration.

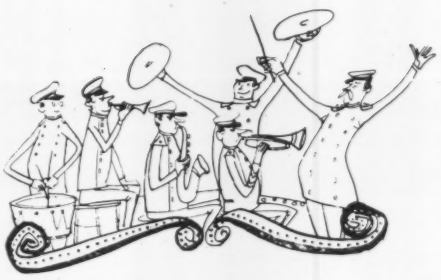
2. The success of any organization, public or private, depends largely upon its ability to bring in and develop the right kind of men and women for management responsibilities.

SCHOOL OF MANAGEMENT

To promote the development of Foreign Service Officers for their broader responsibilities as executives of embassies, legations and consulates, a School of Management was added to the program of the Foreign Service Institute in April, 1955.

In July, 1955, the first training program of the School of Management was conducted for 21 junior officers, the first group to be commissioned since 1952.[1] Similar courses have been conducted for three additional classes of newly commissioned officers. Each class has received instructions, through lectures and discussions, in supervisory methods, personnel management, budget preparation and controls, security, communications, procurement, supply, and other administrative policies and procedures essential to the efficient operation of a Foreign Service post. The objective of the course is to introduce the junior officer, generally, to the field of man-

[1] *For a discussion of Foreign Service recruiting, administration, and security procedures, see* "For the Foreign Service—Help Wanted" *by Dorothy Fosdick, p. 13, New York Times Magazine, Nov. 20, 1955.*



CHAPTER HONOR ROLL

CONGRATULATIONS to the current leaders in the Chapters' Membership Campaign. Quotas attained to date are:

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INDIANAPOLIS	28%
PHILADELPHIA	28%
LANCASTER	27%
CENTRAL PENNA.	25%
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CHICAGO	21%
SACRAMENTO	20%
FOX VALLEY	17%
DALLAS	14%
MONTREAL	13%
RARITAN VALLEY	13%
SAN FRANCISCO	13%
LOS ANGELES	10%
WASHINGTON	7%
CLEVELAND	5%
BOSTON	4%

agement and, specifically, to the junior level executive and administrative responsibilities he will face in his early assignments. Present plans call for commissioning and training 700 additional junior officers during the next year.

In addition to its basic indoctrination of junior officers, the School of Management conducts an orientation course for Departmental Officers integrated into the Foreign Service Officer Corps in accordance with the recommendations of the Secretary's Public Committee; for Foreign Service Clerical personnel; and for officer and clerical personnel of other U. S. Government agencies engaged in overseas activity. The orientation course covers the organization and functions of the Department of State, the Foreign Service, and other agencies as they relate to their responsibilities in foreign countries; cultures and customs of the United States and of other countries; psychology and methods of language study; country and area briefing for the post to which personnel are assigned for duty; and social usage and suggestions for representational activities essential to living and working abroad. A 42-page booklet entitled "When Americans live abroad," prepared by Glenn Fisher of the Institute Staff is used as a guide for the discussions devoted to a study of the cultures of other peoples. This booklet is also used as a reference publication by several industrial organizations in training their personnel for overseas service.

FOREIGN SERVICE CASES

Personnel who have completed the basic indoctrination and the orientation courses are encouraged to continue their studies and to participate actively in the training programs conducted at foreign service posts. Self development, both on and off the job, is stressed as essential to career advancement.

For mid-career officers, averaging 10 years' experience at overseas posts, the School of Management has conducted an experimental training program new to the Foreign Service, the value of which has been proven by the training programs of many businesses and universities.

A group of 22 mid-career officers participated in a 1-week course built largely around the problem-solving or case-method approach and conducted at the Institute's off-site training center about 70 miles from Washington. The objective of the program was to demonstrate how effectively mature officers would study and live together without the distractions of families, officers and other interests in Washington. Harbridge House, an organization specializing in the development of operational problems or cases as actual situations requiring executive decisions, was retained to assist in preparing cases and in leading discussions of these cases. Lectures by outstanding speakers from industry, universities, and government agencies provided stimulating background information for cases dealing with delegation of authority and responsibility, staff work, motivation and why men work, human relations, and other advanced executive responsibilities. The evaluations of the trainees, stating that twenty had derived "great value" and two "some value" from the discussion of foreign service cases, demonstrated the value of this training approach and indicated the need for preparation of additional cases for future training programs.

Management training of Foreign Service Officers also includes assignment of mid-career and senior officers to executive development and advanced management programs conducted by universities and by the American Management Association for executives from business and government agencies.

SUBSTANTIAL PROGRESS

Through its program of university assignments and particularly its own training courses which enable officers to share their experiences and viewpoints in case discussions and problem-solving and also to gain improved insights and to develop better approaches in discharging their executive responsibilities, the institute's School of Management is confident that it can measure up to the challenge of the Secretary's Public Committee which stated that the central function of the Foreign Service Institute is to equip mid-career and senior officers "for broader responsibilities where discretion and breadth of judgment and clarity of expression are essential; to give them training in the real problems which they face in such positions of responsibilities and in arriving at solutions of such problems." Already the Foreign Service Institute, in a period of less than a year, has made substantial progress in moving toward the goal set by the committee: "an advanced training ground for officers destined for high command." ●

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Are managers allowed to drift in your company, or is an attempt made to develop them on a planned and systematic basis? Whether your management development is formal or not, you will find in this article a review and critique of the basic steps in management development, concentrated particularly on the problems of superior-subordinate relationships which may arise, the role of appraisal and organization planning, and individual and group management training.

Are You Thinking About Management Development?

Gilbert C. Jacobus
School of Engineering
George Washington University

LESS than 20 years ago there was failure generally on the part of American business management "to introduce an orderly and methodical system for the discovery, development and assignment of executive personnel."[1] To a very considerable degree such failure is being overcome. Despite this, much remains to be done, and *top management* must decide what needs to be done and what can be done.

Basically there exists a range of performance extending from inaction to action based upon full, detailed plans. This range runs from "Let everyone drift," through "Engage only in on-the-job training day by day," to "Develop people on a conscious, purposeful, planned basis."

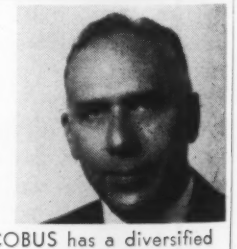
At the bottom of the scale, where the management man drifts indiscriminately, is indifference on the part of the organization. Here the presumption is that a good man inevitably rises above the rank and file of employees and the best man emerges at the top. Fundamentally, of course, this is the doctrine of survival of the fittest. There was a time when our economy could afford the luxury of such jungle warfare among management personnel. But that period has long since passed. In the American business community, which must be responsive to worldwide international obligations, there is strong need for a rule of reason to prevail.

As for the second step of the scale, —constantly dealing with situations on a basis of expediency is, of course, one way of life, perhaps a good way in an emergency situation that can not be foreseen. But for a continuing proposition, expediency is the least desirable mode of operations. And certainly, as a usual way of doing things, this eliminates one of the key elements of managing—planning ahead.

The planned development of management people has received unprecedented emphasis since the end of the fighting of World War II. Why? Clearly, in the past, American industry has created a management force sufficient to meet its needs, but quantitatively, at least, there is now a lag. And with potential acceleration in technological advance, the question of qualitative lag arises as well. There is very real pressure to meet this problem on a planned basis.

This raises the question of how to plan to meet the need. To answer such a query, we must examine fundamentals. Most authorities agree that the objective of management development basically has to be twofold. First, activities of management development must help a man do better in his current job and, second, they must contribute to the individual's self-development in terms of increasing his potential for advancement to higher responsibilities. There is a third objective in that management development activities should clarify the opportunities through which the organization can foster the individual's self-development.

How does one plan a sound manage-



GILBERT C. JACOBUS

GILBERT C. JACOBUS has a diversified background, holding B.Sc., M.B.A. and LL.B. degrees and having worked for New Jersey Bell Telephone Company from 1929-40 and served in the Army from 1940-48. He was in the National Security Resources Board and the Federal Civil Defense Administration from 1948-54, engaged in long-range organization and management planning and development work related to war mobilization problems. He is now a member of the faculty in Engineering Administration, School of Engineering, George Washington University and Director of Instruction of the Army Command Management School.

[1] *Edward R. Stettinius, Jr., President of the Finance Committee of U. S. Steel Corporation in a speech to the Harvard Graduate School of Business Administration, September* 17, 1936.

ment development program for a particular company or organization? First, of course, the objective or goal must be set. In the American Management Association Orientation Seminar on management development, June 1955, the view was advanced that management development is "the planned improvement of those in positions of leadership in the understandings, attitudes and activities that enter into or influence their work and their work relations."[2]

DEVELOPMENT GOALS

Another view expressed was that management development "means the formation of attitudes, the gaining of knowledge and the achievement of skills necessary to be an effective leader, which adds up to learning by the 'whole man' to obtain changes in behavior."[3]

The General Electric Company points out that for them the main objectives are:

"To provide all managers and potential managers in General Electric with challenges and opportunities for maximum self-development on their present jobs and for advancement as earned.

"To work toward improving skill and competence throughout the *entire* manager group so as to help General Electric managers become equal to the demands of tomorrow's management job.

"To operate to furnish the company with both the *number* and *kind* of managers that will be needed in the years ahead.

"To encourage systematic habits and procedures to make it *simpler* for each manager to discharge his manager development responsibility."[4]

Supporting the approach to such objectives, certain basic points need consideration. First, what constitutes a proper level of development for the individual concerned? Management people perform varying kinds of work at different levels of an organization. What kinds of information does the individual need at his current level; what kinds of techniques can he apply? In addition to that there is needed an assessment of the potential for broadening possessed by the individual concerned and a judgment as to the pace at which the particular individual can go forward.

Second, tailoring the individual's program to cover gaps in his knowledge is essential. The methods used for development,—be they job rotation, academic training, special line or staff assignments, participation in policy-determining conferences, or other group activities, coaching, or straight delegation of additional authority,—have to be considered in light of the particular individual and his needs.

Third, recognition must exist that management development is opposed to extreme specialization. Rather, the purpose is to broaden a man's horizons, a result which by its nature is antithetical to concentrating on one narrow field of endeavor.

Fourth, from the standpoint of organizational needs, much advantage accrues from the flexibility gained in having several men potentially available for each key executive position, coupled with some individuals possessing potential to meet the requirements for several management positions.

Fifth, a suitable environment is prerequisite to foster satisfactory management development. In this, top management plays a leading part. None other than top management can create a climate conducive to productive management development. Conversely, top management by indifference or design can exert a highly restrictive influence.

PROBLEMS IN SUPERVISOR-SUBORDINATE RELATIONSHIPS

Once a decision has been reached to institute a management development program, there are problems in the supervisor-subordinate relationships in the management organization that need to be worked out. Difficulties can be created by many conditions of which the most important are:

- The inability of the supervisor and subordinate to communicate with each other. Words themselves create misunderstandings, as to different backgrounds of interest, differing desires and intent to communicate, various mechanics and purposes of communication, deliberate distortions, and, perhaps, a different focus of interest.
- Pressure of time and responsibilities.
- Personal emotions and personality conflicts, such as dissimilar interests of the supervisor and subordinate which inhibit a suitable climate.
- Feelings of insecurity and of competition on the part of either the supervisor or the subordinate.
- The supervisor's insistence on retaining the services of an efficient subordinate.
- An outright resentment of authority on the part of the subordinate, or a lack of respect on either side.
- Tradition of organizational expectancy setting an unfortunate pattern for the supervisor-subordinate relationship.

NATURAL RESISTANCES

Supervisor-subordinate relationships satisfactory from the standpoint of management development can be achieved if attention is given to:

1. Placing responsibility for development jointly upon the subordinate and the supervisor.
2. Carefully working out and maintaining the relationship of the individual with the organization; the individual concerned must work with the problems and needs of management.
3. Creating management's willingness to recognize and accept the fact that there are natural resistances to training (which inevitably means change) and management's desire to do all that can be done to minimize such resistances.
4. Insuring management's willingness to maximize participation.
5. Establishing a basis upon which to intermix levels and groups on broad company problems to obtain vertical and horizontal groupings conducive to intellectual integration.

The scope of opportunity given people to optimize their contribution to an organization determines in large measure its success. Of particular import is the discovery, development and application of executive talent. Here is where appraisal helps.

> "The president of a corporation spends a large part of his time trying to find able people and to use their talents to best advantage. To do this he must identify and appraise ability. Appraisal is the key."[5] "Appraisal of management personnel is the key fact-finding device of the Westinghouse Management Development Program."[6]

How do we get a good appraisal of

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[2] *Ralph M. Hartmann, Manager, Personnel Development and Training, The Quaker Oats Company; AMA Personnel Orientation Seminar #984, "Establishment and Appraisal of the Management Personnel Development Program," May and June, 1955.*

[3] *Max H. Foster, Training Director, S. C. Johnson & Son, Inc., AMA Personnel Orientation Seminar #984.*

[4] *Harold F. Smiddy, Vice President in charge of Management Consultation Services, General Electric Company, "General Electric's Philosophy and Approach for Manager Development," AMA General Management Series No. 174, 1955.*

[5] *"Management Appraisal—Key To Building Executives," Booz, Allen and Hamilton, Management Consultants.*

management personnel? Many firms are turning to the group appraisal techniques. But through whatever device used we have to find out what kind of person the individual executive really is and what people who are in a position to judge think of the individual.

In relation to what an individual executive really is, we can examine how he behaves on his present job and his personal history covering anything related to the job being done. As for judgments of the individual, we can get expressions from those who know the man best in his work environment—his immediate supervisor, his supervisor once-removed and his colleagues. Such expressions of judgments, however, ought to be in terms that provide for meaningful comparisons.

Techniques employed for appraising management people should be viewed generally from the standpoint of their *reliability*,—meaning the consistency of measurements achieved; their *face validity*,—whether or not there is acceptance by the average man (as opposed to the expert technician in the field), and whether or not the technique is applicable to the work situation or is too abstract—and their *actual validity*, —meaning the accuracy of results attained.

Specifically such techniques as are employed should minimize rater bias, as may be accomplished by forced choice or the use of checks and balances. They should measure both relatively and absolutely. They should use a measuring scale within the bounds of human judgment. They should have sufficient coverage to be meaningful, while avoiding a coverage so broad as to cause failure in results. They should employ forms or other reporting means that can be easily understood and analyzed. Finally, they should make possible a quantitative measurement to facilitate comparisons.

THE APPRAISAL REVIEW

Once executive appraisals have been accomplished, the really crucial point is reached when the supervisor-subordinate review and discussion takes place. Although there are other benefits, this is the real pay-off for the entire appraisal technique because here action takes place which creates a joint responsibility for developing whatever potential is discovered to exist.

The appraisal review and discussion, sometimes called the appraisal interview, should establish a warm, sincere, permissive relationship between a supervisor and the subordinate. It should aim at bringing about an understanding and acceptance of the subordinate's development needs and sharing ideas for a means of development, creating mutual concern and joint supervisor-subordinate effort. A definite plan of action in which the supervisor and subordinate both have a part, should be formed establishing a sound basis for individual development.

SYSTEMATIZING MANAGMENT DEVELOPMENT

The fundamental basis for sound management development is to gear it to the needs of each individual executive in consonance with organizational requirements, stressing the element of self-development. To optimize benefits for an organization, however, a systematic approach is essential. For example arangements need to be made:

1. For appraisals:
   a. Records of the elements of the work. (Job Descriptions).
   b. Records of the formal education or job experience needed. (Man or Job Specifications).
   c. Records of the work experience and personal data for each individual. (Personal Information Summary).
   d. Records of the judgments of appraisers. (Management Appraisal Report).
2. For inventory and control:
   a. Organization charts (on a current basis).
   b. Management inventory summary charts (listing the individuals in an organization and the potential of each for advancement).
   c. Staffing replacement charts (listing the individuals available to fill each management position in the event a vacancy occurs).
3. For training and development:
   a. A specific development plan for each management incumbent or candidate (based on observations of the supervisor, comments of appraisers, and the joint effort of the supervisor and subordinate).
   b. A follow-up or progress report related to the individual's development plan (to be prepared at least annually by the supervisor and subordinate jointly).

Organization planning is a phase of management development that requires skillful attention. In assessing the impact of management appraisals, top management should ask itself: What management positions will open up within the next few years? Are there "backer-uppers" for each management vacancy anticipated? Is there "defense in depth" in relation to men available for higher responsibilities? What is the readiness of people available to be moved up? Is there competition for key positions or does each man have his glory road all staked out for him? If the latter is the case, what is the impact on the organization of a "Crown Prince" psychology? Are there any high-potential people blocked by slow moving people? If so, what can be done to gain the benefit of getting the high-potential people to a place where they can make their optimum contribution?

In relation to the latter question, a retirement plan is important to assure definite openings for younger men. If there are many high-potential men who, because of the youth of executives above, will be stymied indefinitely, top management can deliberately create some intermediate positions, provided the budget will stand the strain and there is real work to be done in such positions. A completely artificial, make-work situation can do more harm than good. In the final analysis, under circumstances causing stagnation, action to assist stymied executives to find suitable jobs outside may be essential to the continued health of the organization.

ORGANIZATIONAL DEFECTS

From the standpoint of management development, it is important to face up to any defects in an organization, too. Are there broad problems inhibiting management development? Does the organization lack basic objectives and policies to guide its members? Are physical facilities arranged to foster management development by, for example, providing privacy in which supervisors can discuss matters with subordinates? Do organizational procedures inhibit informal contacts to the point where necessary informal communications are impossible? Is there prevalent an understanding and acceptance that communicating is partly an attitude—the seeking of ideas, a drawing-out of individuals?

When we say top management sup-

[6] *A Guide For Appraising Management Personnel," Management Development, Westinghouse Electric Corporation.*

port is essential to management development that pays off, we mean active participation in training as well as in other phases. The types of training commonly used in supervisor-subordinate relationships are as follows:

Management apprenticeships: This constitutes a feeder program, particularly for new men, and is built around the active participation of the trainee. Emphasis is on relationships between the trainee, the supervisor and the training unit of the organization. Here the trainee learns principally by doing; but usually on-the-job experience is mixed with classroom sessions, planned reading, committee assignments and other like activities.

Understudies: This is applicable to an individual brought in from the outside, as well as to one already in the organization. The principal aim here is to develop a man specifically to assume the responsibility of his immediate supervisor. In addition to other assignments, a trainee in such a situation may actually represent his supervisor on occasion and may supervise the organizational unit during the supervisor's absence.

MANAGEMENT COACHING

Coaching: This is learning by doing the job under the direct guidance of the supervisor. Learning is aided by immediate application of acquired knowledge. This technique is especially useful in developing an individual on specific aspects of a job. It builds strong relationships with the supervisor, which in itself increases the motivation to learn. This technique is one of the most important in relation to a total program for developing management people for future needs.

Guided experience: This consists of planned, on-the-job projects to fit particular needs of the trainee, and is focused on specific objectives. In this instance we have to plan for the needs of the individual in relation to organizational requirements. This technique is especially suited to situations where development requires concentrated attention.

Group training: Group techniques, which by their nature have to do with personal involvement, also represent learning by doing. That a man gains stability and growth by involving himself intellectually and emotionally in groups is well known. From the standpoint of organizational benefits, group training is one of the more profitable learning techniques.

ELEMENTS OF GROUP TRAINING

To optimize the effectiveness of group training certain elements have to be present. We need a suitable group leader, homogeneity, group organization, a satisfactory group climate, an attitude of group objectivity, acceptance of group progress, a means of evaluation and provision for feed-back.

A democratic type of leader is essential; one who is confident of his own abilities, who will give the necessary thought and will do the necessary planning, who has acquired skill in conducting meetings, and one who is patient and acceptable to the group.

The individuals making up the group must, to some extent at least, have commonness of purpose, experiences and responsibilities. The group has to organize itself; set the objectives, define its limits and determine the problems the individuals of the group see as important to them. A free, permissive atmosphere encouraging participation is needed—no group member should feel he is being judged either by the group leader or by other members of the group.

All ideas should be integrated to become group ideas and not be those of individual intellects. Each group needs to learn to accept the progress of the group itself; such acceptance usually comes slowly. Some means should be devised to permit continuing evaluation of each meeting and of group progress. Meetings should be summarized objectively as to what actually happens in order to provide feed-back for future sessions.

Group thinking and decision is much more fertile than individuals acting alone. Group discussions, adequately led and supported by top management, foster teamwork and create a most valuable asset for an organization. Through such meetings experiences are shared to a greater degree than in any other way except actually living through an incident. They bring frustrations into the open. They develop abilities to communicate—both listening and speaking. They bring about insights into personalities and interpersonal relationships that build a strong base for joint rather than individual action on problems faced by the organization.

Group discussions build attitudes. The allocation of time and other resources to develop right attitudes represents a highly profitable investment. "When our attitude is right, our abilities reach a maximum of effectiveness and good results inevitably follow."[7]

The practical value of group training is emphasized by General Electric's advanced management training center[8] under construction at Crotonville, New York, and the Bell System Executive Conference conducted at Asbury Park, New Jersey, both now rather widely known. Not so well known is a parallel activity, the Army Command Management School at Fort Belvoir, Virginia. Here is provided advanced business management training for generals, senior field grade officers and senior civilians of the Army, Navy, Air Force and Coast Guard. All of these are group training activities, leaning heavily on a discussion methodology, which are contributing and will contribute in the future to raising the level of management performance throughout those organizations.

PROGRAMS IN OPERATION

Examination of the programs of organizations which are leaders in management development, discloses a variety of devices for helping management people learn how to do a better job now and in the future. This does not, however, diminish emphasis on the fact that management development is first and foremost self-development. At the same time we have to remember that management development is also the *line* supervisor's responsibility from bottom to top.

As an individual progresses to higher levels of management, "packaged" training programs become less valuable and individual development becomes more essential. At all levels management must keep in mind the view that "it is a manager's responsibility to give those under his supervision the opportunity and assistance required to develop to their greatest potential in character, personality, and responsibility."[9] ●

[7] *Professor Erwin H. Schell, Head of Dept. of Business and Engineering Administration, M.I.T., "Spiritual and Moral Values in Business," an address before a General Electric Leadership Conference,* 1954.

[8] *See article: "General Electric U.—How Big Firm Aims To Lick Manager Shortage, Plague of Most Industry," Wall Street Journal, May* 27, 1955.

[9] *Lawrence A. Appley, President, American Management Association, "Social Responsibilities of The Business Man," an address to General Electric Leadership Conference,* 1954.

New Management Writing . . .

HANDBOOK OF INDUSTRIAL ENGINEERING AND MANAGEMENT

Edited by W. Grant Ireson and Eugene L. Grant (pp. 1203 plus viii), Prentice-Hall Inc., Englewood Cliffs, New Jersey. 1955. $16.00.

THIS is not a handbook. Tracking down an item in a given subject area is not a simple task. However, in most cases, it is a rewarding task. Your hunt for information beguiles you into a management tour, so that you seldom extract the item you are looking for without also absorbing much of the background and context in which the item is lodged. Educationally this is a publishing triumph, perhaps the outstanding characteristic of the book.

Seventeen broad areas within management are discussed by writers who are by no means amateurs in the respective fields. The authors attempt (successfully in most instances) to (a) list and briefly describe the important principles and theories in the subject-area, and (b) indicate the dynamic relationships of each principle and theory to other subject areas. This mode of presentation is ideal for broad and basic orientation. Of necessity, however, it sacrifices much of the case-in-point, direct-application value that we normally associate with a handbook. Most of the sections in this volume are panoramic exposures. It falls to the reader to get close-up views through outside readings on his own. Ten of the seventeen authors provide a selected bibliography. The others may have had good reason for limiting themselves to footnote citations.

The following areas are discussed: Structure of Business Organizations (Ernest Dale); Managerial Economics (Joel Dean); Engineering Economy (Paul T. Norton, Jr.); Manpower Management and Employment Relations (Dale Yoder); Motion and Time Study (Marvin E. Mundel); Factory Systems and Procedures (Lawrance F. Bell); Industrial Climatology (Ray K. Linsley); Factory Planning and Materials Handling (W. Grant Ireson); Industrial Standardization (Leo B. Moore); Tool Engineering (Lawrence E. Doyle); Industrial Safety (Robert E. Donovan); Industrial Hygiene (Oliver E. Byrd); Industrial Statistics (Albert H. Bowker and Gerald J. Lieberman); Inspection and Quality Control (Wyatt H. Lewis); Industrial Operations Research (A. W. Swan); Industrial Budgeting (Raymond Villers); Trade Unions and Industrial Engineering (William Gomberg).

The content unquestionably represents broad coverage in management. One is disappointed, however, to note the absence of concentrated coverage in the fields of industrial logistics, executive development, and management research. To these we might add marketing research.

The sections by Joel Dean and Paul T. Norton, Jr., alone are worth the price of the book many times over. These sections deal brilliantly and hard-headedly with the most important and the most difficult decision-making processes facing administrative management in a competitive society. The material cannot be read overnight. Nor is there an executive—regardless of his function—who can afford to be without a working acquaintance with this material.

The "how to" approach is concretely presented in their respective discussions by Mundel, Bell, Ireson, Doyle, Bowker and Lieberman, and Lewis. Their subjects lend themselves to such approach, and the authors have risen well to the opportunity. The interested technician will profit by the reading.

Emphasis on identification and definition of principles and theories marks the treatment developed by the remaining authors. Again, it is the nature of the material and the scope of coverage that dictates the type of presentation. Emphasis is on policy rather than technique. The reader will find himself exposed to a broad and basic education in both administrative and operative management, with plenty of stimulation to expand his readings in the subject areas.

A distinct feature of the book is Ray Linsley's chapter on Industrial Climatology in which he deals most realistically with weather problems in industry. His excellent presentation is calculated to make the executive do more than talk about the weather.

Gomberg's section (Trade Unions and Industrial Engineering), though interestingly written and replete with historical documentation of management-labor disputes, nevertheless lacks the constructiveness and forward-moving contributions of the other sixteen chapters. There is too much thinly veiled emotionality throughout the discussion. There appears to be clear-cut prejudice in the author's selection of supportive references, and the text is cluttered with supportive quotations from the author's own writings and speeches. On the other hand, the entire chapter is an excellent warning—indeed, a guide—to the complacent executive who thinks he has all the answers to the problems of human relations in industry.

Handbook of Industrial Engineering and Management is a book well worth owning and reading. Many of its sections could profitably be adopted as part of the core curriculum in a middle-management training program within industry. And certainly, no teacher in the management field should be without a copy. ●

Vincent A. Flynn, Ph.D.
National Research Director
Society for
Advancement of Management

REVIEWS IN BRIEF

EARNING OPPORTUNITIES FOR OLDER WORKERS

Edited by Wilma Donahue, 277 pp., $4.50, University of Michigan Press, Ann Arbor, Michigtan, 1955.

Devoted to the problems of employment of men and women who, because of their age, are unable to continue in their jobs, or who find it difficult to re-enter the work force. Management, union, and government officials discuss solutions to problems of employment security, workmen's compensation, pension and insurance costs, and effective utilization of older workers.

EMERGENCY DISPUTES AND NATIONAL POLICY

Edited by Irving Bernstein, Harold Enarson and R. W. Fleming for the Industrial Relations Research Assoc., 271 pp., $3.50, Harper and Brothers, New York, Nov., 1955.

Fifteen writers analyze the diverse and conflicting factors which need to be understood in order to shape a national policy for emergency disputes. The nature of a national emergency dispute, the Taft-Hartley experience, and the elements of a suggested national policy are discussed.

JANUARY CHAPTER ACTIVITIES

CHAPTER	SUBJECT	SPEAKER	TITLE	PLACE	DATE
Alabama	Sustaining the Momentum of the Chrysler Comeback	A. C. Prine, Jr.	Coordinator of Forward Planning, Chrysler Corp., Detroit	Tutwiler Hotel	10
Baltimore	How to Profitably Use Scientific Product, Production and Market Research Methods in Your Business	Illustrated presentation and Audience participation			
Binghamton	Making Administrators Out of Specialists	M. Wright	Consultant, General Electric	Hotel Arlington	11
Boston	The Techniques of Modern Railroading	Patrick McGinnis	President, N.Y., N.H. and Hartford Railroad	Faculty Club, Sloan Bldg., M.I.T.	5
Bridgeport	Market Research — Fashion — and the Market Place	John W. Field	Warner Bros. Company	Algonquin Club	3
Chicago	The Big and Little Analyze Automation	Jack Sharp	President, Hotpoint Company	Furniture Club of America	24
	Industrial Engineering Practice and Labor Grievances	D. D. Camell	General Council, A. F. of L.	Furniture Club of America	17
	Practical Applications of Linear Programming to Production Problems	L. P. Katzman	Armour and Company	Hardings Presidential Grill	10
	The Effect of Automation of the Worker	Roundtable Discussion		Abbot Hall, Northwestern University	9
Clearing	The Guaranteed Annual Wage	P. Carter	Seyfarth, Shaw & Fairweather	Industrial Clearing Club	18
Cleveland	Management Potential—How To Recognize It and How To Develop It	Marvin Bower	Managing Partner, McKinsey & Co., New York	Lake Shore Country Club	9
Columbus	Atomic Energy—A Reality Today	Robert F. Egnor, Chairman		Hotel Fort Hayes	12
Detroit	What We Need To Know About Management Effectiveness	Douglas McGregor	Professor, MIT	Engineering Society of Detroit	30
Greensboro	Time Study Conference—Joint Sponsor A.I.I.E.				20
Greenville	Current Trends in Management	D. W. M. Brosnan	Vice President, Southern Railway. Washington, D. C.	Elks Club	9
Hudson Valley	Cost Reduction Case Histories	Panel: Bruce Riggs Robert Davis	Behr-Manning Div. Norton Co. General Aniline & Film Corp.	Hendrick Hudson Hotel	10
	Wage and Salary Administration	Panel Discussion		DeWitt Clinton Hotel, Albany, New York	19 19
Indianapolis	Human Motivation	Charles J. Meyers	Education Director, Arvin Industries, Inc.	Marott Hotel, Marble Ball Room	12
Kansas City	Public Speaking in Business	Harold Talbott	Area Director, Dale Carnegie Course	President Hotel	17
Knoxville	Role of Personnel Director in Management	Harold R. Bixler	Executive Vice President, S.A.M.	Holston Hills Country Club	10
Lancaster	The Role of an Industrial Designer in Corporate Planning	Robert H. Hose	Partner, Henry Dreyfuss	Hotel Brunswick	17
Los Angeles	Wage Incentive Administration	John J. Barry	Wage Administrator, Herron, Richard, and McCone, Inc.		19
Milwaukee	Defining and Deciding Management Problems	Rex Reeder	Executive Vice President, Marine National Bank	E. S. M. Building	12
Montreal	What Management Should Do Now About Automation	Damon Van Utt	Bruce Payne & Associates	Ritz-Carlton Hotel	11
Nashville	Impact of Atomic Energy on Industry	Dr. J. A. Swartout	Deputy Director of Oak Ridge National Laboratory, Carbide and Carbon Chemical Co.	Andrew Jackson Hotel	12
New Haven	Some Practical Uses of Statistical Sampling			Colonial House	26
	Plant Tour			Whitney Blake Co.	26
New Orleans	The Outlook for 1956	Robert W. Elsasser	Managing Consultant	Roosevelt Hotel	20
Northeastern Pennsylvania	Union Versus Management with the Labor Arbitrator In Between (Who Gets the Biggest Share of the Pie)	Joseph S. Murphy	Vice President, AAA, New York	Hotel Jermyn	9
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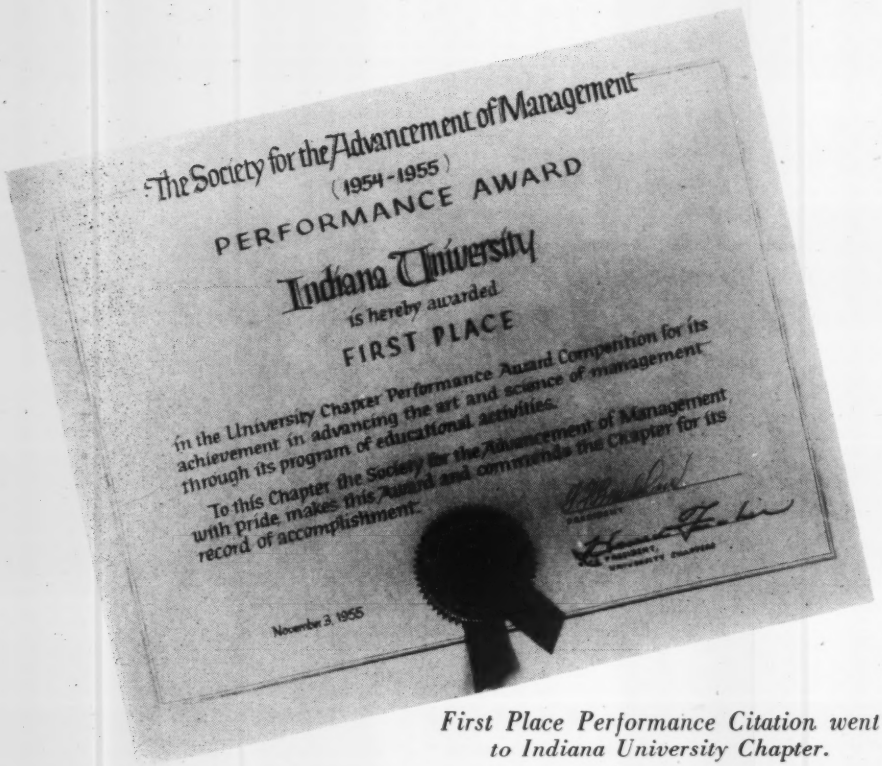
S. A. M. Performance

"By Their Fruits


The Society for the Advancement of Management
(1954-1955)
PERFORMANCE AWARD
Indiana University
is hereby awarded
FIRST PLACE
in the University Chapter Performance Award Competition for its achievement in advancing the art and science of management through its program of educational activities.
To this Chapter the Society for the Advancement of Management with pride makes this Award and commends the Chapter for its record of accomplishment.
November 3, 1955

First Place Performance Citation went to Indiana University Chapter.

THE 1955 Chapter Performance Awards to University Chapter members were presented by Vice President of University Chapters Professor Harold Fischer of Franklin and Marshall College to the Faculty Advisors and Student Officers of the first three winning University Chapters upon the successful completion of the first year of University Chapter competition under the Performance Award Plan. The awards were made at the luncheon session of the Society's Fall Conference at the Hotel Statler in New York City on November 4.

First place award was captured by Indiana University Chapter, second place went to the University of Connecticut, and third place was won by Ohio University Chapter. Honorable Mention awards were earned by the University of Wisconsin, Rider College, Boston University, Clarkson Institute of Technology, U.C.L.A., Rensselaer Polytechnic Institute, and Emory University Chapters.

Congratulations are extended to all for a job very well done. These awards are granted in recognition of the Chapters' achievements in advancing the art and science of management through their programs of educational activities. These awards will remain in their permanent possession as a memento of a successful year and as an inspiration to carry on the good work in the future.

The Society for Advancement of Management, the recognized national professional organization of management in industry, commerce, government and education, and the pioneer in management philosophy, is dedicated to the advancement of the art and science of management.

Through its University Chapters Program, the Society endeavors to further management education, make a significant contribution to the preparation of young men and women for careers in the business world, and render a service to industry.

Sponsoring senior chapters and the national office assist the student groups in planning and organizing activities, in securing speakers and obtaining published material. Dinner meetings, seminars, lectures, conferences, research projects and plant visits provide a valuable supplement to the classroom.

Second Place Award for University Chapter Performance went to the University of Connecticut Chapter. Left to right: Professor Harold Fischer, who made the presentation, Miss Laura Saeger, Faculty Advisor, and Student Officers Leonard Seale, Glen Glennon, and Bradford Beadle.

University Chapter Award Winners

Ye Shall Know Them"

Goals of the S.A.M. University Chapter Program are:

- To bring executives in business and students of business closer together.
- To serve as a medium for the exchange and dissemination of information on the problems, policies, and techniques of industry and management.
- To provide the opportunity for participation in the organizing, planning, directing, and controlling of the activities of an organization dedicated to the advancement of management.

Each student chapter is guided by a faculty advisor, and assisted by the sponsoring senior chapter through the student coordinator, while the University Program as a whole is under the direction of the National Vice President of University Chapters, Professor Harold Fischer of Franklin and Marshall College, Lancaster, Pennsylvania.

The University Chapter Advisory Committee was created in the summer of 1955 to strengthen the program. Consisting of business executives of senior chapters and professional advisors of student chapters, the committee brings together the best ideas of both and thus enriches the program and service to American industry and to young men and women preparing for careers in business.

DYNAMIC DEVELOPMENT INDICATED

The changes that were presented to and were approved by the Board of Directors at each of the last three Board meetings now have been incorporated in the direction and the operation of the University Program of S.A.M. The results so far this year have been most gratifying and seem to have justified completely the adjustments that were made in the program.

Changes in the program during the past year, the objectives, policies, basic philosophy, suggestions for organizing and operating a University Chapter, along with the revised Performance Award Plan for University Chapters, have been incorporated in a new University Chapter Manual.

Everything points to a great year for the University Chapter Program as evidenced by the response and the enthusiasm with which the chapters are developing and putting into operation their comprehensive programs of educational activities and new chapters are being organized on many campuses across the country.

LATEST BOARD REPORT

In his report to the National Board of Directors on November 5, Professor Fischer expressed "sincere appreciation to the National Officers and Directors, as well as to the Senior Chapters officers and members for their cooperation and assistance in expanding the Society's University Program and in helping to make it an even more dynamic force in American management education.

"On the premise that scientific management is a point of view, an attitude of mind, and a philosophy, and since the Society for Advancement of Management is the pioneer in management philosophy, the Society will more vigorously pursue its University Chapter program on a streamlined business basis. Together we can go forward to a new and brighter era in the operation of our University Chapter program." ●

Vice President of University Chapters, Professor Harold Fischer, presented the First Place Award to Indiana University Chapter President Granville Whitaker. Left to right: Professor Fischer and Mr. Whitaker.

Ohio University received Third Place Performance Citation, presented by Professor Fischer. Left to right: Dr. E. T. Hellebrandt, Faculty Advisor, Professor Harold Fischer, and Student Officers Robert A. Link, Dick Main, Cecil Hannum, and Herbert L. Halberstadt.

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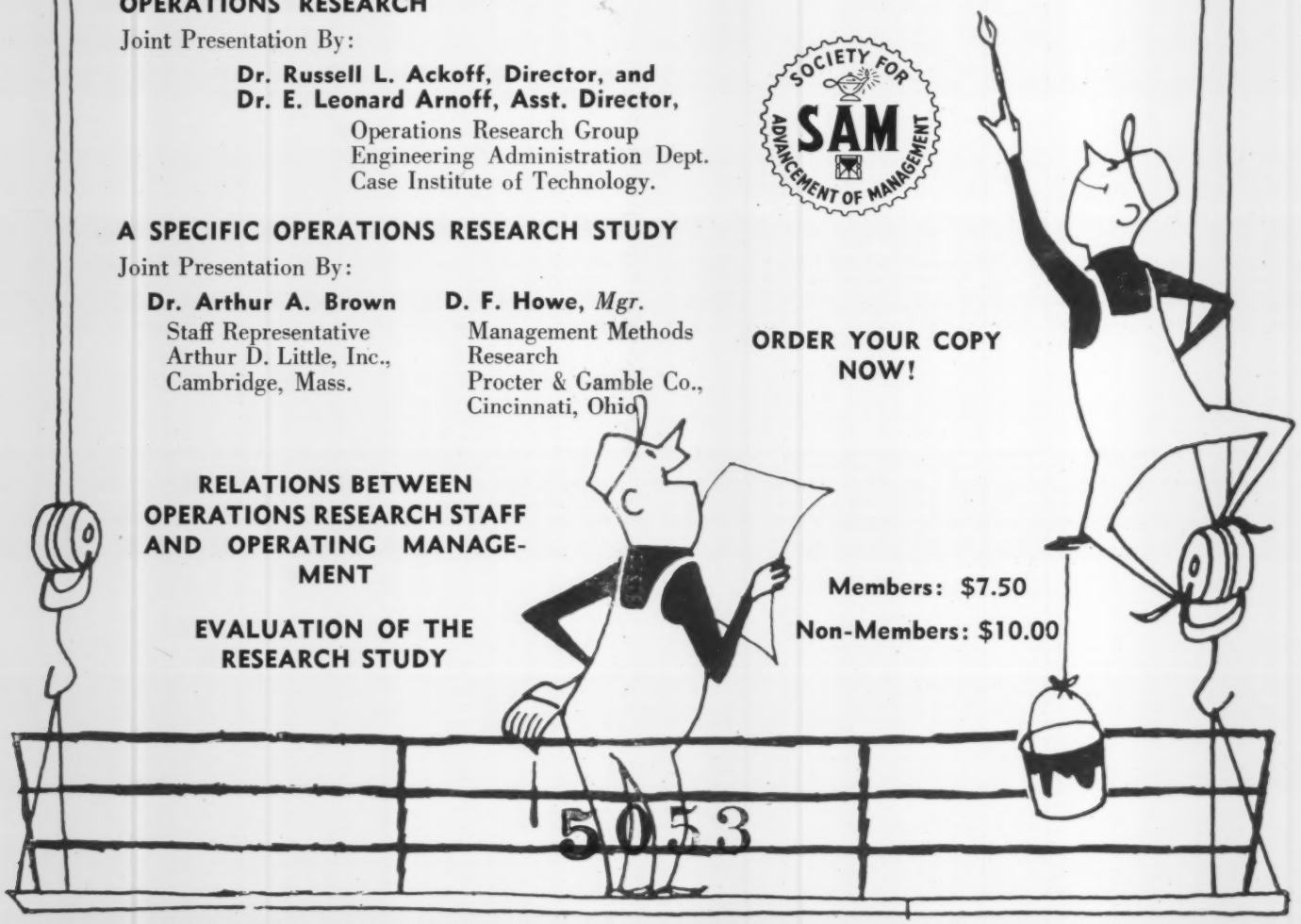

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